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GOVERNMENT AND ADMINISTRATION

Recent Legislation

The following is an alphabetical list of Public Acts passed during the second quarter of 1976. Those sponsored by a private member are indicated by an asterisk. The dates given for the second reading refer to House of Commons *Hansard* (House of Lords where stated).

Atomic Energy Authority (*Special Constables*) *Act 1976.* Provides for the arming of the Atomic Energy Authority constabulary in order to strengthen the security of fissile materials on site and in transit. Second reading: 26.2.76, cols 701-55. Royal Assent: 10.6.76. Ch 23, ISBN 0 10 542376 9, 12p.

Crofting Reform (*Scotland*) *Act 1976.* Introduces measures to reform crofting tenure, so as to remove the constraints which prevent a crofter from developing his croft to its full potential, both agriculturally and non-agriculturally. Second reading: 18.3.76 (HL), cols 368-402. Royal Assent: 10.6.76. Ch 21, ISBN 0 10 542176 6, 45p.

Damages (*Scotland*) *Act 1976.* Contains a number of changes in the law in Scotland relating to damages for injuries causing death. Second reading: 18.12.75 (HL), cols 1579-86. Royal Assent: 13.4.76. Ch 13, ISBN 0 10 541376 3, 22p.

Education (*Scotland*) *Act 1976.* Makes further provision for the fixing of compulsory school commencing and leaving dates, and other miscellaneous matters. Second reading: 2.3.76 (HL), cols 970-89. Royal Assent: 10.6.76. Ch 20, ISBN 0 10 542076 X, 22p.

Fatal Accidents and Sudden Deaths Inquiry (*Scotland*) *Act 1976.* A law reform measure consolidating and amending the legislation governing public inquiries into deaths in Scotland. Second reading: 2.3.76, cols 1117-59. Royal Assent: 13.4.76. Ch 14, ISBN 0 10 541476 X, 22p.

Freshwater and Salmon Fisheries (*Scotland*) *Act 1976.* Aims to encourage an increase in the amount of trout fishing available on a permitted basis. Second reading: 30.3.76 (HL), cols 998-1016 and 1027-47. Royal Assent: 10.6.76. Ch 22, ISBN 0 10 542276 2, 28p.

Housing (*Amendment*) (*Scotland*) *Act 1976.* Raises the statutory limit on the maximum amount which the Secretary of State for Scotland may lend out of the National Loans Fund to the Scottish Special Housing Association to finance capital expenditure on new houses and major improvements. Second reading: 23.1.76, col 1785. Royal Assent: 13.4.76. Ch 11, ISBN 0 10 541176 0, 8p.

Land Drainage (*Amendment*) *Act 1976.* Amends a number of Acts concerned with land drainage so as to prepare for the consolidation of the statute law on this subject. Second reading: 13.1.76 (HL), cols 78-87. Royal Assent: 27.4.76. Ch 17, ISBN 0 10 541776 9, 35p.

**Licensing* (*Amendment*) *Act 1976.* Reverses a recent court decision which had created widespread problems for the entertainment and licensing trade, and permits 'special hours' certificates to be granted in respect of bars as well as other parts of licensed premises. Second reading: 15.12.75 (HL), cols 1254-81. Royal Assent: 27.4.76. Ch 18, ISBN 0 10 541876 5, 8p.

**Rating* (*Caravan Sites*) *Act 1976.* Amends the law concerning the valuation and rating of leisure caravan sites. Second reading: 3.3.76, cols 1325-85. Royal Assent: 13.4.76. Ch 15, ISBN 0 10 541576 6, 22p.

Seychelles Act 1976. Provided for Seychelles to attain fully responsible status as an independent republic on 29 June 1976 (see p 280). Second reading: 24.5.76, cols 167-88. Royal Assent: 27.5.76. Ch 19, ISBN 0 10 541976 1, 20p.

Statute Law (*Repeals*) *Act 1976.* A technical measure which removes obsolete or spent laws from the statute book. Second reading: 26.4.76, cols 112-13. Royal Assent: 27.5.76, Ch 16, ISBN 0 10 541676 2, 55p.

Statute Law Revision (*Northern Ireland*) *Act 1976.* Repeals obsolete, spent, unnecessary and superseding enactments from Northern Ireland statute law. Second reading: 25.3.76, cols 745-6. Royal Assent: 13.4.76. Ch 12, ISBN 0 10 541276 7, 40p.

By-election Result

On 24 June a by-election was held at Rotherham, the fifth since the present Parliament was elected on 10 October 1974. The Labour Party retained the seat with a majority of 4,527 and votes were cast by 46·3 per cent of the electorate.

The vacancy was caused by the death of the sitting member, Mr Brian O'Malley.

The result was:

Mr S. Crowther (Labour)	14,351
Mr D. Hinckley (Conservative)	9,824
Miss B. Graham (Liberal)	2,214
Mr G. Wright (National Front)	1,696
Mr P. Bishop (World Grid Sunshine Room Party)	129
Mr R. Atkinson (English Independent)	99

Strength of the Parties

Following the by-election the strength of the parties in the House of Commons, with one seat (for the constituency of Thurrock) vacant[1], is:

Labour	314
Conservative	276
Liberal	13
Scottish National	11
United Ulster Unionists	10
Plaid Cymru (Welsh Nationalists)	3
English National	1
Social Democratic and Labour (Northern Ireland)	1
Independent (Northern Ireland)	1
TOTAL	630

In addition there are the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means). None of these four members speaks or votes in the House of Commons other than in his official capacity.

[1] A by-election was held at Thurrock on 15 July. The Labour Party retained the seat. The full result will appear in the August issue of *Survey of Current Affairs*.

EXTERNAL AFFAIRS AND DEFENCE

State Visit of French President

The state visit to Britain on 22-25 June of the President of France, M Valéry Giscard d'Estaing, has been seen by both sides as laying the foundations of a closer and more positive relationship between Britain and France.

Agreement was reached on better consultation through annual meetings of the heads of Government of the two countries, and periodic meetings of other ministers.

President Giscard's state visit – the first by a French President since General de Gaulle's in 1960 – was described in the House of Commons by the British Prime Minister, Mr James Callaghan, as marking 'the opening of a new and hopeful chapter in the long history of Anglo-French relations'. The French President said at a press conference that the visit had exceeded his expectations and that the warmth of the welcome from the British people had clearly sprung from real interest and emotional feeling.

In a statement to the House of Commons on 24 June (*Hansard*, cols 1810-12) Mr Callaghan said that the agreement reached during the visit for closer and more systematic contacts was of the 'greatest significance for preventing future misunderstandings'. The agreement, first publicly suggested by President Giscard during an address on 23 June to both Houses of Parliament (see below), provides for annual meetings of the heads of Government of Britain and France, accompanied as appropriate by ministerial colleagues, and yearly meetings of foreign ministers. Their purpose will be to discuss relations between the two countries, in particular, problems of common interest deriving from European Community membership. The first heads of Government meeting is to be held in Paris before the end of this year.

In addition, agreement was reached that there should be periodic meetings of other principal ministers, notably those responsible for home affairs, economic and financial matters, energy, industry, defence and trade.

Referring to these arrangements, Mr Callaghan said: 'France should know that we welcome unreservedly this new arrangement and will play our full part in raising our relationship to a new high level. I hope that the other nations of Europe will see it as a contribution to the cohesion of the European Community, and thus as being of benefit to Europe as a whole.'

During some five hours of official talks – described by Mr Callaghan as being characterised by 'a spirit of friendship, candour and constructiveness' – the Prime Minister and the President discussed most subjects of joint interest, in particular, developments in the European Community. Both sides explained their positions on the question of direct elections to the European Assembly (see pp 100-103 and 152-3); and Mr Callaghan and the Foreign and Commonwealth Secretary, Mr Anthony Crosland, both emphasised the critical importance of a satisfactory revision of the common fisheries policy (see pp 251-2 and 276). The future of Europe generally was also discussed, and, in particular, the Tindemans Report on European Union (see pp 59-61).

The President and Mme Giscard d'Estaing were met on their arrival in London by the Queen and the Duke of Edinburgh, other members of the royal family, the Prime Minister, the Foreign and Commonwealth Secretary, and other Government ministers and officials. A state banquet at Buckingham Palace was given in their honour by the Queen on 22 June, who in her speech drew attention to the historic relationship between Britain and France. 'The very closeness of our relations is bound, from time to time, to throw up issues in which our interests differ, and it is easier to find solutions if we recognise this from the start,' she said. 'Now and then relations between our two peoples are clouded by old suspicions and reflexes from the past. It is these attitudes which we must finally eliminate so that we may not lose the opportunities of the future.' In this regard, the Queen drew attention to *Concorde*, as an example of the benefits of sharing skills and experience; and membership of the European Community, which offered new possibilities 'to build the values in which we both believe into a more stable, prosperous and democratic Europe'.

In his address to both Houses of Parliament on 23 June, the French President expressed the wish that France's relations with Britain should 'be as active and as trusting as with our first partners in the Common Market'. Not only should there be regular meetings of heads of Government, but within the Community bilateral relations should be increased. 'I would wish that our Governments, before their next meeting, should seek out specific areas of advanced technology with good commercial prospects in which we could unite our efforts', he said.

Among other events attended by President Giscard were a luncheon given by the Lord Mayor and

Corporation of London, and a gala performance at the Royal Opera House, Covent Garden. On 25 June, together with the Queen and Prince Philip, the President and Mme Giscard paid a visit to Edinburgh.

European Community

The British Government's assessment of a number of developments in the Community over the six-month period ending in April was given in a House of Commons debate on 17 June. More recent developments have included the holding of a meeting attended by ministers, workers and employers to discuss unemployment in the Community, and agreement among interior and justice ministers to a programme designed to combat acts of terrorism. Agriculture ministers have reached agreement on imports into the Community of New Zealand butter for the period after 1977, when arrangements agreed at the time of Britain's accession expire. The revision of the common fisheries policy has also been examined once more.

An account of these developments is given below.

DEVELOPMENTS IN THE COMMUNITY

An outline of the British Government's general reaction to the Tindemans Report on European Union, and an expression of support for the Greek application for Community membership were given on 17 June during a House of Commons debate on recent developments in the Community (*Hansard*, cols 767-884).

In the debate, on the White Paper *Developments in the European Communities, November 1975 – April 1976* (Cmnd 6497, HMSO, ISBN 0 10 164970 3), Mr Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs, said that during the period under review the Community had made progress over a wide range of practical policies. The success of the Community should not be judged according to its ability to move as rapidly as its most passionate ideologues believed to be right, he said. 'Attempting the impossible is a certain prescription for failure. . . . Its real success will be measured by its achievements on behalf of the citizens of the Community', and on this basis it was Britain's judgment that although there had been no spectacular progress, there had been much important work.

Mr Hattersley drew attention in this regard to the operation of the Community's Regional Development Fund.

Turning to the Report on European Union drawn up by the Belgian Prime Minister, M. Tindemans (see pp 59-61), Mr Hattersley commended its 'general approach', pointing out that M. Tindemans had 'not offered a vision of distant political union, but [had] attempted to focus our attention on practical steps which could bring us closer together during the next five years'.

On the report's particular stress on the need for the Community to take up common positions on foreign policy, the Minister of State told MPs: 'That recommendation is wholeheartedly endorsed by the Government'. During the last year, the Community had established common attitudes in the United Nations, during the 'North-South dialogue' and towards the Middle East and Cyprus. There were occasions when national interests prevented complete agreement on international matters, but 'the British Government will consistently work towards achieving common policies on external relations'. He went on: 'The Community as a whole can speak with greater force and greater authority than any of its constituent members. Where the Community has spoken with one voice it has spoken with great effect. Our obvious ambition is to influence the course of EEC foreign policy and then see it implemented with the strength that comes from support by nine member nations representing 250 million people'.

The Government could not, however, welcome with equal enthusiasm M. Tindemans' suggestions on economic, monetary and social matters. 'We cannot see the "snake"[1] as an essential, or indeed an ideal, instrument for the movement towards economic and monetary union', said Mr Hattersley. Its recent performance had done nothing to attract British participation in it. Moreover, the concept of a two-tier Community had been widely rejected within the Community. 'Our hope is that the Community will become committed to a different sort of economic co-operation. . . . If the Community is to make progress towards political integration, it must concentrate its efforts on ironing out the great disparities of wealth and prosperity between different parts of the EEC.' M. Tindemans had recognised the need for this, Mr Hattersley went on, through the social and regional fund, through improved operation of the European Investment Bank, and through a more positive attempt to make agricultural policy benefit the least prosperous areas. It could not be done, however, if the Community's richer nations forged ahead towards economic integration at a speed beyond the capacity of the less prosperous countries.

After referring to the problem of Community imports of textiles and to the common fisheries policy (see p 276), Mr Hattersley turned to the question of the application of Greece for membership of the Community. He told MPs: 'The United Kingdom Government are in wholehearted support of Greek membership of the EEC.' The case for Greek membership was primarily political: two years ago Greece had returned to democratic government, and 'all the judgments confirm that membership of the Community will add to the strength and permanence of democracy in Greece'. 'Were membership to be denied simply because the admission of Greece might cost the EEC a few million units of account, we would not be simply breaking the Treaty of Rome, which welcomes all European democracies into membership. We would be denying the fundamental spirit of European unity, and we would be operating against our own best interests.'

1 See footnote, p.60.

It was in some degree true that Greek accession would impose a cost on existing members, and that it would 'divert the EEC from its remorseless pursuit of a closely-knit homogeneous Europe . . .'. Nevertheless, the case for Greek accession was so strong, Mr Hattersley considered, that to prevent it would be both short-sighted and selfish. Britain hoped that a formal opening of negotiations would begin during the summer.

The Minister of State told the House that Britain had seen no merit in the Commission's suggestion of a pre-accession period for Greece. However, the accession negotiations would be 'invariably complicated and occasionally painful'. Greece would pay a substantial short-term price for Community membership, the adaptation of its agriculture would not be easy and the industrial benefits would not be evenly spread throughout the Greek economy. 'None of that seems to me a reason for rejecting the Greek application. But it is obviously an argument for beginning the access negotiations at the first reasonable opportunity, and pursuing them with a thoroughness which is indicative of both our wish to see Greece become a member and our determination that she should join on the right terms.'

Concluding his speech, Mr Hattersley drew attention to five practical targets that Britain should set itself within the Community. These were:

1 More common positions in external relations;

2 Constant revision of the common agricultural policy (CAP) so that it more clearly represented the interests of consumers;

3 Levelling the great disparities of regional wealth through the social and regional funds, an improved European Investment Bank and better agriculture policies;

4 Provision of aid and preferential trade to those developing countries – many of them among the poorest in the world – which had in the past been neglected by the Community;

5 A co-ordinated strategy to combat unemployment in the Community.

If the Community were to move forward, Britain 'must supply some of the motive power and give a clear and precise indication of the direction which the Community must take', Mr Hattersley said. 'The Community must commit itself to a practical, pragmatic, and perhaps occasionally, a prosaic course. That is the policy we will endeavour to establish and that is the policy that we shall constantly pursue.'

TRIPARTITE CONFERENCE ON UNEMPLOYMENT

The Governments and workers' and employers' organisations of Community member states have agreed to co-ordinate their efforts to return to full employment and to reduce the rate of inflation to 4 to 5 per cent in the Community by 1980.

A tripartite conference held in Luxembourg on 24 June, attended by economic and social affairs ministers, representatives of the Commission, and delegates from both sides of industry, agreed that the rapid and simultaneous re-establishment of full employment and stability in Community countries could no longer be achieved by member states in isolation.

A joint statement issued at the end of the conference, at which Britain was represented by the Chancellor of the Exchequer, Mr Denis Healey, noted that in order for full employment to be restored by 1980, the average annual growth rate for the Community as a whole should be about 5 per cent over the period 1976-80. This would require more investment and joint efforts to keep all incomes at a realistic level.

Agreement was reached that the rate of inflation should be gradually reduced by 1980 at the latest to between 4 and 5 per cent – a level compatible with the maintenance of economic stability. Member Governments are to make a contribution towards achieving this target by a number of measures which include the reduction of budgetary deficits in the medium term, and what the joint statement described as 'a monetary policy corresponding to the growth prospects for the national product'.

The convening of the conference followed an appeal by the then British Prime Minister, Sir Harold Wilson, at the last meeting of the European Council on 1-2 April (see pp 151-3) for consultation with Community employers and trade unionists on measures to reduce the number of unemployed.

A further conference is to be held to review progress towards the achievement of the targets. In the meantime, informal contacts between the participants are to be maintained.

ACTION AGAINST TERRORISM

Co-operation among the members of the Community to combat international terrorism is to be intensified following a meeting of interior and justice ministers in Luxembourg on 29 June.

The ministers, including the British Home Secretary, Mr Roy Jenkins, agreed a six-point programme designed principally to help prevent future terrorist attacks in the Community. It includes provision for the exchange of technical information on the operation of terrorists, and the exchange of police personnel between Community members to acquire greater knowledge of operating methods in different countries.

In addition, information on past acts of terrorism is to be pooled and mutual assistance is to be provided in the event of future terrorist action. Agreement was also reached on the desirability of closer collaboration on such matters as air security, nuclear safety and natural or accidental disasters, particularly fires.

The Community programme will complement the anti-terrorist co-operation which already takes place within other international organisations, such as Interpol.

The meeting of interior and justice ministers, the first to be held within a Community context, resulted from a suggestion by the then British Prime Minister, Sir Harold Wilson, at a meeting of the European Council in Rome in December 1975 (see p 477, 1975). It is expected to be the first in a regular series of such gatherings.

AGRICULTURE AND FISHERIES

During June the Community's Council of Ministers agreed on continued arrangements for imports of butter from New Zealand, and British ministers made statements on their Government's position with regard to the Community's fisheries policy.

New Zealand Butter

At the conclusion of the renegotiation of Britain's membership terms in March 1975, the European Council of the Community's heads of Government, meeting in Dublin, established guidelines for access of New Zealand dairy products to the Community after 1977 (see p 144, 1975). On 21-22 June 1976, the Council of Ministers agreed to provide for imports of New Zealand butter to Britain in the following quantities: 125,000 tonnes in 1978, 120,000 tonnes in 1979, and 115,000 tonnes in 1980. Reporting on this decision in the House of Commons (*Hansard*, 22.6.76, cols 1366-73), the Minister of Agriculture, Fisheries and Food, Mr Frederick Peart, stated that these arrangements carried out 'fully and satisfactorily' the understanding secured at the European Council in Dublin. 'These are firm and fixed quantities', he added. 'Within these fixed quantities, there are arrangements under which some butter may be diverted, if necessary, from the fresh market into food manufacture. This will apply only to imports in excess of 25 per cent of our butter market in the preceding year. It will not affect New Zealand's total entitlement or her financial return.'

Mr Peart referred to the Council's statement 'confirming that Protocol 18 remains the basis for continuing imports of New Zealand butter after 1980'. [This protocol of the Treaty of Accession lays down arrangements for Britain's imports of New Zealand butter and cheese until the end of 1977. It also includes provisions for a review of the butter situation by the Council, and states: 'Appropriate measures to ensure the maintenance, after 31 December 1977, of exceptional arrangements in respect of imports of butter from New Zealand, including the details of such arrangements, shall be determined by the Council, acting unanimously on a proposal from the Commission, in the light of that review.'] 'The Commission', he said, 'will make a report in 1978, and this will serve as a basis for further decisions on these continuing arrangements.'

'I kept in close touch with the New Zealand authorities during these negotiations', concluded Mr Peart. 'New Zealand fully agrees that the settlement reached takes account of their essential interests both up to 1980 and afterwards.'

Fisheries

The problems which the introduction of 200-mile economic zones (see pp 250-1) pose for the Community are being discussed by the Community's Committee of Permanent Representatives of the member states in preparation for decisions by the Council. Meanwhile, the British Government views have been stated by ministers in the House of Commons and in the Council of Ministers of the Community.

Common Fisheries Policy

Mr Peart said in a statement on fisheries policy in the House of Commons (*Hansard*, 28.6.76, cols 27-36): 'In the Government's view a satisfactory revision of the EEC's common fisheries policy is of major importance and priority. Other countries outside the European Community are preparing to extend their fisheries limits to 200 miles. We are therefore pressing for an early declaration that the member states of the Community intend to do the same. We have also made very clear to the Community the United Kingdom's requirements for a reserved coastal band of not less than 12 miles, and extending in parts to 50 miles. We are pressing also for early progress in the Community's negotiations with third countries about access to their waters for British and other Community fishermen, and about the limitation of fishing by third countries in the waters of member states. Outside the coastal bands we expect there to be a system of properly enforced quotas to ensure fair shares of the available fish resources and effective conservation of fish stocks.'

200-mile Limits

At a meeting of the Community's Council of Ministers on 29 June the Foreign and Commonwealth Secretary, Mr Anthony Crosland, spoke of the crucial importance to Britain of the fishing industry. He pointed to the danger that, with Iceland already claiming, and other countries – including the United States, Canada and Norway – preparing to claim, 200-mile limits (see pp 250-1), fishermen excluded from their fishing grounds would turn their eyes to the waters around Europe. This could cause fish stocks to be depleted. Mr Crosland suggested, therefore, that the member states of the Community should consider common action to extend their limits too. Action might be necessary by the first half of next year.

Mr Crosland also thought that the Community must embark on negotiations with third countries and hoped that attention would be given without delay to the preparation of a Community mandate for talks with Norway and Iceland. Britain's agreement with Iceland (see p 250) expires at the beginning of December, and the Foreign Secretary warned that another potentially explosive situation could arise unless the Community reached agreement with Iceland by then.

Referring to Britain's requirements for 12-50-mile exclusive fishing belts (see p 252) which would partially compensate British fishermen for the loss of deep-water grounds, Mr Crosland said that coastal belts were a key issue. However, in his view the more immediate problem is that of agreeing on a statement of intent to extend limits to 200 miles.

Benefits to Britain

Replying to questions which followed his statement in the House of Commons, Mr Peart said: 'In negotiating with third countries we derive great strength from being in the Community. With regard to benefits from the Community . . . fishing interests . . . have benefited considerably. The EEC has authorised grants worth £7 million, and £1·5 million of this is going to Humberside and Yorkshire, mainly for fishing projects.'

North Atlantic Treaty Organisation

The biannual ministerial meeting of the North Atlantic Council was held in Oslo on 20 and 21 May. Britain was represented by the Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland. In Brussels, the Eurogroup met in ministerial session on 9 June (see pp 278-9), and the Defence Planning Committee on 10 and 11 June (see pp 279-80). The Secretary of State for Defence, Mr Roy Mason, represented Britain at these meetings. Sir John Killick, Britain's permanent representative on the NATO Council, deputised for Mr Mason at some of the meetings of the Defence Planning Committee, when parliamentary commitments obliged the Secretary of State to return to London.

NORTH ATLANTIC COUNCIL

In his formal address to the North Atlantic Council on 20 May, Mr Crosland reported on his recent visit to China (see pp 240-1) and gave his general conclusions on the state of Chinese foreign policy. He assured the Council that Britain remained fully committed to NATO – the keystone of its defence policy.

The following is the text of the communiqué issued after the Council meeting (side headings added):

The North Atlantic Council met in Ministerial Session in Oslo on 20 and 21 May 1976. Ministers reaffirmed their adherence to the central purposes of the Alliance and their determination to maintain and, where necessary, enhance the co-operation and solidarity of the Allies, as well as their deterrent and defensive strength. Only if the security of the peoples of the Alliance is guaranteed in this way, can East-West relations continue to improve.

Détente and Security

2 After reviewing recent trends in East-West relations, Ministers agreed that, while there were certain encouraging aspects, others gave cause for concern. They remained convinced that Allied Governments, intent on building a more constructive and stable relationship with the East, must continue to strive for relaxation of tensions and to try to devise further practical measures of co-operation in areas of common interest, while preserving the cohesion and strength of the Alliance. They stated that such a policy, entailing a dialogue attuned to current realities, has the full support of the member countries.

However, the pursuit of a genuine and durable détente *is possible only if all states concerned exercise restraint both in their relations with each other and in their actions in other parts of the world. The necessary confidence could not be established between East and West if crises and tensions were to be avoided in Europe only to appear elsewhere. In this regard Ministers underlined that all signatories of the CSCE* [Conference on Security and Co-operation in Europe] *Final Act* [see pp 307-12, 1975] *have recognised the close link between peace and security in Europe and in the world as a whole.*

Accordingly, Ministers felt that they must once again voice their concern at the sustained growth in the Warsaw Pact countries' military power, on land, at sea and in the air beyond levels apparently justified for defensive purposes. Should this trend continue it could lead to an arms race of dangerous dimensions. Ministers again stressed the determination of their governments to take the measures necessary to maintain and improve the efficiency of their forces, as an essential safeguard for the security of member countries whether against military aggression or political pressure.

Implementation of the Final Act of the Helsinki Conference

3 Ministers examined the progress made in implementing the provisions of the Final Act of the CSCE. They emphasised the importance they attach to full implementation of all parts of the Helsinki Final Act by all signatories, so that its benefits may be felt not only in relations between states but also in the lives of individuals. Ministers recognised that some steps have been taken affecting human contacts and working conditions of journalists. However, in view of the importance of what still remains to be done, they expressed the hope that progress in this field would gather momentum during the coming months and that progress would also be reported in co-operation in economic relations and in other spheres, as well as in the observance of the principles guiding relations between participating states.

In the field of confidence-building measures, they noted that a number of military manoeuvres in Europe had been notified and observers had been invited to some of them. They stated their intention to continue fully to comply with the relevant provisions of the Final Act and expressed the expectation that all signatories would do the same.

Ministers expressed the view that the meeting to be held in Belgrade in 1977 would provide an opportunity not only to exchange views on the implementation of the Final Act of the CSCE, but also to consider the further progress that could be made towards the objectives agreed in Helsinki.

Strategic Arms Limitation

4 Ministers heard a report from the United States Secretary of State on the continuing United States efforts towards the further limitation of strategic offensive arms and towards embodiment of the Vladivostok understanding [see p. 471, 1974] *in a SALT Agreement. The Ministers discussed how the negotiations affect common security interests. They expressed the hope that further efforts would lead to the resolution of outstanding issues and to the conclusion of a satisfactory SALT Agreement. The Ministers also underlined the value of continuing consultations within the Alliance with respect to SALT.*

Mutual and Balanced Force Reductions

5 The Ministers of those countries which participate in the Vienna negotiations on Mutual and Balanced Force Reductions (MBFR) reviewed the

state of these negotiations. They again stressed that MBFR must result in eliminating the ground force manpower disparity in Central Europe and in mitigating the disparity in main battle tanks if the agreed aim of contributing to a more stable relationship and to the strengthening of peace and security in Europe is to be achieved. They reiterated, therefore, the importance which they attach to the Western proposal to establish, in the area of reductions, approximate parity in ground forces in the form of a common collective ceiling for ground force manpower on each side and to reduce the disparity in tanks. As proposed by the participating Allies, agreement to the goal of a common collective ceiling and reductions of American and Soviet ground forces in the first phase would be an important and practical first step leading to a common collective ceiling in the second phase.

The Ministers expressed their continuing resolve to press for achievement of the objectives of the Western participants. They recalled their important specific additional offer of December 1975 [see p 146] *which was made conditional upon agreement to the objectives as set out in the Western proposals. They expressed the hope that these would be given the most serious consideration.*

These Ministers reaffirmed their conviction that their proposals provide a reasonable foundation for a just and equitable agreement which would in its turn constitute an indispensable contribution to a further relaxation of tensions. These Ministers are convinced that the realisation of the aims pursued by the West in the negotiations would lead to a more stable military situation which would ensure undiminished security for all countries concerned and would thus be to the advantage of both sides.

The Ministers noted with satisfaction that solidarity is fully maintained and that public opinion in their countries supports the Western position as logical and fair. They reaffirmed the principle that NATO forces should not be reduced except in the context of Mutual and Balanced Force Reductions Agreements.

Germany

***6** The Ministers reviewed the developments relating to Berlin and Germany as a whole which have occurred since their last meeting in December 1975* [see pp 9-10].

They took note of the agreements concluded on 19 December 1975 by the two German States, agreements which will bring, in the interest of the German people, further improvements to the traffic to and from Berlin.

As regards Berlin, the Ministers discussed the further experience gained in the implementation of the Quadripartite Agreement of 3 September 1971, and especially, of those provisions of the Agreement which concern the Western sectors of Berlin. They noted, in particular, that the provisions of this Agreement which concern the traffic to and from Berlin were being implemented in a satisfactory way.

Noting that Berlin's participation in international activities is an important element of the viability of the city, Ministers viewed with concern attempts of certain countries to impose limitations on the right of the Federal Republic of Germany, as confirmed in the Quadripartite Agreement, to represent the interests of the Western sectors of Berlin abroad. They expressed the hope that in the interest of the Berliners and of progress in co-operation in Europe, all provisions of the Quadripartite Agreement and, especially, the provisions which relate to the representation abroad of the interests of the Western sectors of Berlin by the Federal Republic of Germany will be fully implemented and strictly observed.

The Mediterranean Area

***7** Ministers took note of the report on the situation in the Mediterranean prepared on their instructions. They emphasised the importance they attach to maintaining the Balance of Forces throughout the Mediterranean area. They requested the Council to continue its consultations on this subject and to report to them at their next meeting.*

Ministers noted with satisfaction the progress made regarding new defence co-operation agreements that will open the way to enhancing Allied defences in the South-Eastern region.

They expressed concern at the serious situation arising from the continuing instability in the Middle East and reaffirmed that rapid progress must be made towards a just and lasting settlement of the conflict.

Fisheries Dispute

***8** The Fisheries Dispute between Iceland and the United Kingdom* [see pp 250-2] *was again raised and discussed.*

Standardisation

***9** As part of their continuing efforts to improve the military capability of the Alliance and to make more effective use of available resources, Ministers addressed the general subject of standardisation and discussed an interim report on equipment interoperability. This report, which had been prepared by an Ad Hoc Committee set up after the December Ministerial Meeting, concentrated on certain priority areas. The need for full implementation of existing standardisation agreements was stressed. Ministers noted that there were encouraging prospects for improving operational flexibility of Allied forces. They asked for a full report in December 1976.*

***10** The Ministers reaffirmed the commitment of their countries to the principles of democracy, respect for human rights, justice and social progress which inspire the Alliance and on which their political institutions and way of life are founded. They expressed the confidence that, on the basis of the security provided by the Alliance, their governments would overcome the problems confronting them now and in the future.*

***11** The next Ministerial session of the North Atlantic Council will be held in Brussels on 9 and 10 December 1976.*

EUROGROUP MEETING

The defence ministers of the ten Eurogroup countries[1] met in Brussels on 9 June. They considered

[1] Belgium, Britain, Denmark, Federal Republic of Germany, Greece, Italy, Luxembourg, Netherlands, Norway and Turkey.

reports from each of the Eurogroup sub-groups[1] on the progress made in furthering practical co-operation in Europe, and agreed on specific courses of action in certain fields. Thus, having discussed the relationship of the Eurogroup's common position on common tactical area communications systems to the work currently under way within NATO on improving interoperability in this field, they reaffirmed their decision to introduce, as soon as practicable, equipment conforming fully to detailed common tactical and technical parameters, and agreed on the desirability of a step-by-step approach to obtaining the fullest level of interoperability; on the subject of further co-operation in military medical services, they directed that Euromed's study on the possibilities of establishing a Joint Medical Service for Europe should be accelerated and a comprehensive report submitted to them at their next meeting; having agreed on the scope for common training facilities for jet pilots, self-propelled howitzer crews and long-range reconnaissance patrols, they directed that detailed studies on the feasibility, cost and financing of such facilities should be carried out and instructed Eurotraining to follow up with the appropriate authorities the potential for establishing in Europe an air weapon school and air tactics range open to all members of the alliance; they also instructed Eurostructure to carry out comparative studies of national force structures (including the different organisations of army corps and their subordinate commands) and to report their findings for ministerial consideration at the end of the year.

It was also agreed that the work of the sub-group concerned with long-term planning should be developed to cover several new areas, including air operations, and ministers confirmed that, where practicable, this work should be extended to provide a basis for common equipment procurement.

The Eurogroup ministers endorsed a set of Guidelines for Collaboration in Logistics for future weapons systems and equipments – a follow-up to the Principles of Co-operation in Logistics which they had signed in May 1975 (see p 232, 1975).

They discussed the progress being made in furthering the standardisation and interoperability of defence equipment, and welcomed the achievements made in this field by the European Programme Group.[2]

Concluding with an exchange of views on defence issues of mutual concern, the ministers agreed on the importance of ensuring that public opinion was fully aware of the need to maintain a strong defence as a corollary to the West's pursuit of genuine *détente*. To this end, they reaffirmed their commitment to the Eurogroup's work and its role in furthering European cohesion within the NATO framework.

[1] The sub-groups currently in existence are Eurocom (battlefield communications), Eurolog (logistic co-operation), Eurolongterm (long-term planning), Euromed (medical services), Euronad (equipment collaboration), Eurostructure (force structures) and Eurotraining (co-operative training).

[2] The independent European Programme Group was recently established to explore the potential for extending European co-operation in the production of defence equipment and for co-ordinating the European end of a transatlantic 'two-way street' in defence procurement.

DEFENCE PLANNING

The NATO Defence Planning Committee met in ministerial session in Brussels on 10 and 11 June.

The ministers were given a briefing on the recent increases in the military strength of the Warsaw Pact, followed by a statement by the Chairman of the Military Committee on the current state of NATO defences, which again emphasised the continuing change in the balance of forces in the Pact's favour. They voiced their concern at the continued growth of the Warsaw Pact's strength beyond levels justified for defensive purposes, and devoted particular attention to the implications of the increased emphasis on offensive capabilities in its forces, especially air forces. They also noted with concern the substantial advances in size and effectiveness achieved during recent years in every sector of Soviet military capabilities, confirming a clear potential to use military force, directly or indirectly, or the threat of such force, on a world-wide basis. (In this connection, Mr Roy Mason circulated to his NATO ministerial colleagues on 10 June a recently prepared paper showing that the Soviet Union's defence expenditure as a proportion of gross national product, about 11 to 12 per cent, was some three times that of the West's. Mr Mason stated that the East-West global balance was at present 'just tolerable', but emphasised that the West must maintain the scale and effectiveness of its defence efforts over the coming years if the balance was not to be tilted further against it. He added that 'a noticeable positive reaction by the Soviets on *détente*' was required, for the Soviet Union had yet to demonstrate its genuine willingness to show that it was prepared to turn the possibilities created by *détente* into reality.)

Against this background and in the light of the economic outlook for the various countries concerned, the ministers endorsed the NATO force goals for the 1977-82 period established on their behalf by the Defence Planning Committee meeting in permanent session. They agreed that the force goals represented 'reasonable and realistic' objectives for co-ordinated defence planning in NATO, and were designed to maintain a valid deterrent in the face of the increasing capabilities of the Warsaw Pact. They noted that, for most countries, these goals could be fully achieved within their economic capabilities and, for the most part, without any increase in the percentage of national wealth at present devoted to defence. They recognised, however, that in certain cases their full implementation would be dependent on assistance from within the alliance, and pledged themselves to do their utmost to ensure that the necessary resources were made available. They noted that this important step in the NATO integrated planning system, for which they had expressed support at their last meeting (see pp 10-11), had now been satisfactorily concluded, and reaffirmed their undertaking to introduce these force goals as planning targets into their own national forward planning.

The ministers also discussed the establishment of a NATO Airborne Early Warning (AEW) System in the light of the view of the military authorities that this was an urgent requirement for the alliance. They recognised the need for timely decisions in this

matter and called for the formulation of a comprehensive proposal to be presented at their December meeting. The need for a decision by this date was stressed by Mr Mason, who told the meeting on 10 June that Britain was the only European NATO member already operating an airborne early warning system and planning for a successor system. Reaffirming Britain's belief that the interests of the alliance would best be served by setting up a truly collective NATO AEW force, he listed, in addition to the need for an urgent decision, five conditions for its establishment: all or a large majority of member nations should contribute; the aircraft should be capable of performing adequately over sea and land throughout the NATO areas; a minimum force of about 32 aircraft should be provided; Britain should share in the industrial arrangements for equipment provision; and costs should be shared over a period by participating members on an agreed basis.

During a discussion on the situation in the Mediterranean area, the ministers received with approval a statement by the Turkish Minister of Defence and the United States Secretary of Defence (who also reported to the meeting on the new bilateral United States-Spanish Treaty of Friendship and Co-operation[1]), drawing attention to the importance of their recently concluded agreement.

The ministers also considered reports on measures to maximise the efficiency of their collective defence efforts, on the rationalisation/specialisation of defence tasks (with particular reference to co-operative training, lines of communication and logistics) and on standardisation and co-operation in the research, development and production of military equipment. Finally, they reviewed the measures currently being undertaken in NATO to implement the guidelines laid down at their meeting in May 1975 (see p 233, 1975), providing a directive and reference point for all defence planning activities in the alliance up to and beyond 1982, and, in so doing, paid special tribute to the substantial and increasing defence contribution of the United States.

Seychelles

At midnight on 28 June Seychelles became an independent Republic and joined the Commonwealth as its thirty-sixth member. At the independence ceremony the Queen was represented by the Duke of Gloucester. The British Government was represented by the Lord Privy Seal, Lord Shepherd. Mr James R. Mancham, the Prime Minister of Seychelles before its independence and leader of the Seychelles Democratic Party, is the first President of the Republic. The new Prime Minister of the coalition Government is Mr A. René, leader of the Seychelles People's United Party.

1 Signed in January 1976, ratified by the United States Senate in June and covering a period of five years, this treaty permits United States access to three air bases and one naval base in Spain and provides for a programme of co-operation including aid, credits and sales to Spain.

Mr John Pugh has been appointed the first British High Commissioner to the new Republic.

The Territory

The Seychelles archipelago comprises some 90 granite and coralline islands scattered over 150,000 square miles of the western Indian Ocean, about 1,100 miles east of Africa. About 85 per cent of the population (58,000 in 1975) live on Mahé, the largest island in the group where Victoria, the capital and the only port of the archipelago, is situated. Most of the remaining population live on the islands of Praslin and La Digue.

Under French rule from the mid-eighteenth century, Seychelles was ceded to Britain in 1814 and was administered as a dependency of Mauritius until 1903 when it became a Crown Colony with a Governor and nominated Executive and Legislative Councils. Elections to the Legislative Council were first held in 1948 and universal adult suffrage was introduced in 1967. Organised political parties emerged in the early 1960s and a new constitution was introduced in 1970 providing for a ministerial system of government with a Council of Ministers and a Legislative Assembly. By 1974 both the main political parties in Seychelles favoured independence, and following a resolution adopted unanimously by the Legislative Assembly on 6 June 1974, the Government of Seychelles called on Britain to convene a constitutional conference to consider progress towards early independence. The first session of the conference, held in London in March 1975 (see p 129, 1975), established the principles of an interim government providing for full internal self-government which came into effect on 1 October 1975. The conference was resumed in January 1976 and ended with agreement on the final form of an independence constitution (see p 67).

The Economy

The economy, traditionally based on the production and export of copra and cinnamon, is now undergoing considerable change as a result of the growth of a tourist industry which has developed rapidly since the opening of the Seychelles international airport in 1971, and which is expected to become the leading economic sector by 1980. The number of visitors to Seychelles increased fivefold in 1972 to total 15,197, and since then it has more than doubled to total some 33,000 in 1975. While the Government sees the development of tourism as the most promising means of achieving economic and social progress for Seychelles and its inhabitants, it is taking care to control the rate of expansion so as to preserve the natural beauty of the islands and conserve their varied flora and wildlife. Hotel development is being strictly controlled, both with a view to achieving a balanced mixture of hotel sizes, styles and tariffs and to ensuring that such developments harmonise with, the natural features, size and economic resources of the islands. At the same time, with a view to promoting balanced development, the Government is taking steps to expand and diversify agriculture, develop a commercial fishing industry, and provide the economic and social infrastructure appropriate to a modern society.

Development Assistance

Development expenditure in recent years has been financed largely with British aid funds. In the period 1970–74 British aid to Seychelles totalled £15·5 million, of which all but £870,000 (provided as budgetary support) was development assistance: £12·2 million as capital aid and £2·4 million as technical assistance.

Financial assistance has concentrated largely on developing essential infrastructure including the construction of the international airport, and a new port for Victoria, and the development of improved water and electricity supplies (see p 168, 1973). Assistance has also been provided to help Seychelles realise the full potential of its agricultural and fishery resources, and to improve its education, health and housing facilities.

Britain will continue to provide aid to an independent Seychelles, having agreed in January 1976 to provide some £10 million capital aid for development projects, on concessionary loan terms, for the two years following independence, and some £1 million annually in technical assistance for the next few years. In addition, up to £1·7 million in budgetary aid will be provided for the period 1976–79.

(For further information about Seychelles see *Seychelles*, COI, R6006/76, and *Seychelles*, COI, Factel No 666.)

Shorter Notes

VIETNAM

On 2 July the Vietnamese National Assembly, elected on 25 April, approved the reunification of North and South Vietnam. Mr Ton Duc Thang, President of North Vietnam before reunification, was elected as the first President of the Socialist Republic of Vietnam. Mr Nguyen Luong Bang, the former Vice-President of North Vietnam, and Mr Nguyen Huu Tho, the President of the South Vietnam National Liberation Front, were elected Vice-Presidents of the unified nation and Mr Pham Van Dong was elected Prime Minister. Pending the drawing up of a constitution for the reunified state, it will be governed on the basis of the constitution introduced in North Vietnam in 1959. Hanoi has been named as the capital.

Britain has recognised the new regime. A spokesman for the Foreign and Commonwealth Office said in London that recognition of the new Republic would be made through the continued transaction of official business with the Government of Vietnam in Hanoi.

Mr Robert Tesh, the British Ambassador to North Vietnam, becomes ambassador to the unified country.

ECONOMIC AND SCIENTIFIC AFFAIRS

Counter-inflation Policy 1976-77

The Government's counter-inflation policy for 1976-77, together with a review of progress since July 1975 and details of the policy as it affects pay, prices, public expenditure and monetary policy, industrial employment and investment was set out in a White Paper, *The Attack on Inflation – The Second Year* (Cmnd 6507, HMSO 28p, ISBN 0 10 165070 1), published on 30 June.

The White Paper stresses the need for a strong economy and a fair society, and states that Britain's aims must be to reduce unemployment and maintain social priorities, remove the large balance of payments deficit which arose in 1973 mainly as a result of high oil and other commodity prices, and restore the competitiveness of British products in world markets. The world economic recovery gave Britain the best opportunity it had had as a trading nation for many years and, to profit from this, Britain had to see that the resources its industry needed for exports and investment were there when they were needed. In order to create the conditions for future improvements in living standards and public services, new productive investment in industry had to take priority over any increase in other public or private spending for the next few years; the attack on inflation was fundamental to every part of this national enterprise.

PROGRESS SINCE JULY 1975

Britain's rate of inflation had been more than halved since July 1975 [from 33·4 per cent in the six months to July 1975 to 15·8 per cent in the six months to May 1976] – an achievement which would not have been possible without the voluntary pay limit of £6 (see p 269, 1975) which had been fully observed throughout the economy. Although there was still a long way to go, this achievement had put the country in a very strong position to benefit from the recovery of world trade, with exports as the main stimulus to renewed growth in output. All the signs were that exports were growing much faster than the 10 per cent annual rate which the Government expected at the time of the Budget (see p 204). The Government had used all the weapons available to it to reduce inflation: the growth of the money supply had been strictly controlled (see pp 201-2) and cash limits had been introduced across a wide range of public sector expenditure (see pp 209-10) – measures which were foreshadowed in the 1975 White Paper *The Attack on Inflation* (see pp 269-72, 1975) and which, together with continuing controls on prices and dividends, had complemented and buttressed the £6 pay policy.

At the same time the Government had been able to maintain its major social priorities through measures to alleviate unemployment (see p 247), assistance to industry under the Industry Acts (see p 114) and increased pensions (see p 225). There were, however, still great difficulties to be faced. In addition to the relatively high levels of unemployment, and of wage costs per unit of output – which were still rising more quickly than in Britain's main competitor countries – there had been an unexpectedly sharp depreciation of sterling, intensified by an upturn in world commodity prices. Recent exchange rate movements had delayed progress in the fight against inflation; however, the White Paper states, Britain should still achieve the objective of a further halving of the inflation rate by the end of 1977.

THE 1976-77 PROGRAMME

Pay Policy[1]

The White Paper explains that increases within the new limits, as under the £6 policy, are to be applied as a cash supplement to earnings; in general the interpretation of the policy in particular circumstances will be the same as in 1975–76. 'Like the £6, these are the limits within which the amounts of increases are to be negotiated. There are no transitional provisions; for all groups increases within these new limits may be implemented 12 months after the major increase which they received in the previous period. For those to whom the £8,500 cut-off applied in the previous period, increases may be implemented 12 months after the date on which an increase would otherwise have been allowable. An increment which has been withheld solely because of the £8,500 cut-off may be paid with effect from a date 12 months after the date on which it would otherwise have been allowable; alternatively, an increment allowable on the later of these two dates may be paid, but not both. Increases in London weighting allowances (see p 296, 1974), in line with

[1] The new pay policy, and the tax reliefs associated with it, have already been outlined in *Survey of Current Affairs* (see pp 204 246–7).

Department of Employment indices of additional costs, which become due on or after 1 August 1976, must be contained within and offset against the new pay limit; those which became due in the previous 12 months can be paid only if contained within and offset against the £6 limit.'

The White Paper states that the Government attached the highest importance to maintaining the principle of a voluntary policy, and that it therefore welcomed this further agreement with the Trades Union Congress (TUC) on guidance to negotiators within the framework of the social contract (see pp 246-7); it was confident that it would secure the same measure of acceptance and support as the £6 limit. The TUC guidelines made it clear that they should be universally applied, and that the TUC would oppose any settlement in excess of them; while the Government would ensure strict observance of the new policy throughout the public sector. The arrangements and sanctions in *The Attack on Inflation* to secure compliance in both public and private sectors of industry would continue to apply, as would the present voluntary arrangements through which the Government collected information about pay settlements and intended settlements and the requirement to supply pay information to the Price Commission (see pp 271-2, 319, 1975) for the purposes of price control.

Prices

Whereas the Government made a major and successful effort in 1975-76 to reduce the pressure of wage costs on prices, which reduction would continue under the new pay limit, there would be new factors at work in 1976-77. With the economic recovery, rising productivity could be expected to moderate the rate of increase in unit labour costs while on the other hand Britain would have to contend with substantial pressure from higher import prices, not only as a result of the depreciation of sterling, but also because of rising world demand for food and raw materials. Existing policies relating to control of prices (see pp 269-70, 496, 1975 and p 247) would continue (food subsidies, on which over £400 million would be spent in the year to March 1977, would be progressively reduced as inflation was brought down and social benefits improved), and the Government proposed to extend the powers to control prices through the Price Code for a further year from 1 August 1976; while some changes (see below), necessary in the interests of industrial investment and employment, would be introduced.[1]

Public Expenditure and Monetary Policy

The White Paper points out the necessity of fiscal and monetary policy contributing to the attack on inflation and helping the movement of resources into export and investment. In addition to exercising firm control of public expenditure, the Government was determined to ensure that the money supply did not grow too rapidly, and that such growth was consistent with its plans for the growth of demand as expressed in terms of current prices. The Government was equally determined that the expansion of productive capacity and exports should not be held back by competing public sector demands for finance and would reinforce these policies by taking further action in the fiscal and monetary fields if necessary. Moreover, steps had been taken to ensure that the banks could fully meet the needs of manufacturing industry for finance; any expansion of their business had had to be directed to meeting the needs of industry for the expansion of exports, import saving, investment and working capital.

Investment and Employment

In order to permit industry, within the framework of price control, to achieve sufficient profitability to generate funds for investment and to offer the prospect of an adequate return on investment once undertaken, while also limiting public demands on resources, a number of changes in the Price Code were proposed, to encourage investment and employment. The main changes are as follows:

1 An increase from 20 per cent to 35 per cent in the rate of investment relief (that is, the proportion of the costs of new investment which may be reflected in current prices);

2 Provisions relating to the depreciation of assets and to the appreciation of stocks which (in line with the general conclusions – accepted by the Government – of the Sandilands report, see pp 351-2, 1975) recognise the effects of inflation;

3 Adjustment, principally to take account of inflation, of the categories which determine the price control procedures applying to particular firms;

4 Measures, including the abolition of the 'productivity deduction' (see p 473, 1974), to mitigate aspects of the code which discourage cost-saving and greater output;

5 Other measures to reduce the administrative burden on companies of operating the code.

The Government did not expect that the proposed changes would by themselves lead to any early or appreciable increase in the general price level. Market forces had ensured that the prices of many goods and services were now below the level which companies would be entitled to charge under the code; but as economic recovery progressed, the code would play an important part in keeping down the cost of living. It is estimated that the proposed changes would probably have added 1 per cent to the Retail Price Index by July 1977, when present powers to control prices expire. The present arrangements for the strict control of dividends would continue as before.

The White Paper says that it is essential for Britain's economic and industrial recovery that the resources released by these changes should be channelled into the productive investment in fixed and working capital which British industry needs to correct present weaknesses and secure a greater share of markets at home and abroad. This is the objective of the Government's industrial strategy (see pp 73, 168), now being developed in collaboration with both sides of industry.

[1] The proposed changes are set out in detail in *Modifications to the Price Code: A Consultative Document*. Cmnd 6540. HMSO, 75p. ISBN 0 10 165400 9. Comments have been invited, to reach the Department of Prices and Consumer Protection by 16 July.

Government Assistance to Industry

PAPER AND BOARD INDUSTRY

The Secretary of State for Industry, Mr Eric Varley, on 15 June announced a new scheme providing £23 million for the paper and board and the paper-making machinery manufacturing industries (*Hansard*, written answers, cols 121-2). The aid is made available under section 8 of the Industry Act, which allows assistance if national interests are involved or help cannot be obtained from conventional sources. The scheme will provide grants of 25 per cent towards the cost of plant, equipment and innovatory processing systems, together with grants of 15 per cent for associated building work. There will also be 25 per cent grants available towards the approved cost of additional storage facilities for waste paper. Emphasis is to be placed on projects that will effect savings on the balance of payments.

The scheme also gives support to Government policy to reduce waste and conserve valuable resources. The Advisory Group on Waste Paper Recycling and the Waste Management Advisory Council (see p 85) have recommended that organisations responsible for the collection of waste paper should be provided with greater assurance of continuity in demand. The Government has concluded that its most effective contribution can be made by encouraging the paper and board industry to invest in capital plant and to expand recycling technology, to increase the potential capacity for processing indigenous fibres, especially waste paper; and by assisting the expansion of storage facilities for waste.

MACHINE TOOLS INDUSTRY

The National Enterprise Board (NEB), set up under the Industry Act 1975, is negotiating a number of requests from companies manufacturing machine tools for loans to help them stockpile their products until there is an upturn in demand. The possibility of Government aid for stockbuilding was referred to by the Chancellor of the Exchequer, Mr Denis Healey, in a statement on unemployment on 29 January (see p 114). The first loan, announced in June, was £3 million made available to Alfred Herbert, the Government-owned group which was transferred to the NEB in February (see p 168). The money has been borrowed for a maximum of two years at a commercial rate of interest. If the stockpiled machine tools are sold before the two years are over, the repayment can take place earlier.

The Government is transferring full financial and managerial control of the specialist tool makers, Kearney and Trecker Marwin, the company in which it acquired a 51 per cent holding in 1974 (see p 350, 1974), to Vickers Ltd, which has since 1974 been exercising management responsibility. Under Vickers' management, the company made a pre-tax profit of some £40,000 in 1975 – a year of great difficulty for the industry in general – compared with a loss of £1·6 million in the previous 15 months. Some £5 million has been invested by the Government in the company. The Government and the Industrial Commercial Finance Corporation investment in the company is being written off and a further provision of capital will be made by both and also by Vickers, which will acquire 86 per cent of the equity, and by Kearney and Trecker Corporation of the United States, which will acquire the remaining 14 per cent. The Government will hold redeemable preference shares in the company's reconstructed business. The United States company is to sign a new technological agreement under which until 1986 the British company will acquire manufacturing rights – mainly for Europe – for all its new machines. The transfer will take place subject to parliamentary approval, that of the High Court and the agreement of shareholders.

Under the Government's machine tool industry aid scheme (see p 354, 1975) Stavely Industries is to receive grants totalling up to £794,000. The company is to invest about £15 million from its own resources over the next three years for its machine tools and its foundry interests.

Economic Summit

The heads of State and Governments of Britain, Canada, France, the Federal Republic of Germany, Italy, Japan, and the United States met in Puerto Rico on 27-28 June at the invitation and under the chairmanship of the President of the United States. The Prime Minister, Mr James Callaghan, attended for Britain and was accompanied by the Chancellor of the Exchequer, Mr Denis Healey, and the Foreign and Commonwealth Secretary, Mr Anthony Crosland.

The meeting was convened so that participants could discuss problems of mutual interest, including the progress of their economic recoveries and the current phase of their efforts to attain sustained economic expansion, financial and monetary matters, trade, energy, and relations with developing nations.

In a statement on the meeting made in the House of Commons on 29 June (*Hansard*, cols 197-8), Mr Callaghan said that it had on the whole been a confident meeting. While the different countries were choosing different ways of dealing with their economic problems they had common objectives – sustained expansion, lower unemployment and progress towards eliminating the problems of inflation. At the meeting, he said, there was a 'general recognition of the crucial role that the social partners have to play and appreciation of the success that we in Britain are having in overcoming inflation through this new social partnership'. The best hope for a satisfactory outcome in the years ahead, for reducing inflation and unemployment, lay 'in a policy of maximum co-operation between Government, trade unions and employers, coupled with fiscal and monetary policies that will encourage the investment and increased production that are essential to ensure that we sustain the present recovery'.

THE DECLARATION

A joint declaration was issued by the heads of State and Governments at the end of the meeeting. In it the participants recognised the need to 'approach common economic problems with a sense of common purpose and to work toward mutually consistent economic strategies through better co-operation'. They considered it essential to take into account the interests of other nations, particularly developing countries.

Significant progress had been made towards economic recovery, the primary goal of the Rambouillet summit, held in November 1975 (see pp 483-4, 1975). Economic recovery was now well under way and in many of the countries there had been 'substantial progress' in combating inflation and reducing unemployment. The participants recognised that their determination in recent months to avoid excessive stimulation of their economies and new impediments to trade and capital movements was a contributory factor in the recovery. They did not intend to lose the opportunity of restoration of balanced growth which this proffered.

Objective

The objective now was to 'manage effectively a transition to expansion which will be sustainable, which will reduce the high level of unemployment which persists in many countries and will not jeopardise our common aim of avoiding a new wave of inflation'. This would call for an increase in productive investment and acceptance 'in accordance with our individual needs and circumstances, of a restoration of better balance in public finance, as well as of disciplined measures in the fiscal area and in the field of monetary policy and in some cases supplementary policies, including incomes policy'.

International Monetary Affairs

The meeting noted that participants at Rambouillet had 'resolved differences on structural reform of the international monetary system and agreed to promote a stable system of exchange rates which emphasised the prerequisite of developing stable underlying economic financial conditions'. With these objectives in mind they had reached specific understandings, which had made substantial contributions to the meeting of the International Monetary Fund in Jamaica (see pp 71-2). The declaration noted the desirability for early legislative ratification of these agreements by all concerned.

Participants at the meeting agreed to improve co-operation and to continue to build on the present structure of consultations.

The declaration stressed that the objective of monetary stability 'must not be undermined by the strains of financing international payments imbalances. We thus recognise the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances.' Accordingly each participant affirmed his intention to work toward a 'more stable and durable payments structure through the application of appropriate internal and external policies', although the meeting recognised that 'problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits'. Participants agreed to continue to co-operate with others in the appropriate bodies on further analysis of these problems with a view to their resolution. 'If assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm programme for restoring underlying equilibrium.'

Trade

The meeting noted the general success, despite the recent recession, in maintaining an open trading system. 'We have all set ourselves the objective of completing the multilateral trade negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration' (see p 394, 1973). The meeting welcomed 'the steady growth of East-West trade, and expressed the hope that economic relations between East and West would develop their full potential on a sound financial and reciprocal commercial basis', while agreeing on the need to ensure that the economic ties enhanced overall East-West relationships.

The meeting also welcomed 'the adoption by the participating countries of converging guidelines with regard to export credits. We hope these guidelines will be adopted as soon as possible by as many countries as possible' (see p 300).

Developing Countries

In the field of energy the participants intended 'to make efforts to develop, conserve and use rationally the various energy resources and to assist the energy development objectives of developing countries'. More generally they emphasised the importance of co-operation between the industrialised democracies and the developing nations.

Calling for 'mutually supportive' collaboration and co-operation between developed countries the declaration states that 'efforts for international economic co-operation must be considered as complementary to the policies of the developing countries themselves to achieve sustainable growth and rising standards of living'.

The declaration concluded: 'We attach the greatest importance to the dialogue between the developed and developing nations in the expectation that it will achieve concrete results in areas of mutual interest. And we reaffirm our countries' determination to participate in this process in the competent bodies, with a political will to succeed, looking towards negotiations, in appropriate cases.

'Our common goal is to find practical solutions which contribute to an equitable and productive relationship among all peoples.'

UNCTAD IV

The adoption, by consensus, of an integrated programme for commodities – described as 'a programme of global action to improve market

structures in international trade in commodities of interest to developing countries' – was the major achievement of the fourth United Nations Conference on Trade and Development (UNCTAD) which met in Nairobi, Kenya, from 5 to 31 May. The conference, which was attended by 139 member states as well as representatives of many inter-governmental and non-governmental organisations, also approved by consensus resolutions on developing country debt problems, the transfer of technology and international trade questions, while a resolution on transnational corporations was adopted by a majority vote. A resolution on the development of international financial mechanisms to facilitate resource development in developing countries, including a United States proposal to consider the establishment of an International Resources Bank, was rejected in a vote by a narrow margin.

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Since the end of the special session, the dialogue between the developed market economies and the developing countries has continued within the Conference on International Economic Co-operation (CIEC), both at a ministerial meeting held in Paris in December 1975 (see pp 18-21, 1976) and in four commissions which that meeting established to consider specific topics and which have met on a number of occasions since February 1976. The developing countries themselves, at a ministerial meeting of the 'Group of 77' in Manila in February, also set out their positions for the UNCTAD meeting, these being contained in the 'Manila Declaration and Programme of Action'. This called for an integrated programme approach to commodity questions in which some form of indexation (an automatic link between commodity prices and those of imported manufactured goods) and a common fund for financing buffer stocks would be an integral element. It also called for the cancellation of all financial aid debts of the least developed countries and the consolidation and re-scheduling of commercial debts; the establishment of a legally binding code of conduct on the transfer of technology; and for the socialist states of Eastern Europe to increase their development assistance with a view to attaining the target of 0·7 per cent of gross national product for official aid (in 1974 the net aid flow from the Soviet Union totalled 0·05 per cent of estimated GNP compared with 0·33 per cent for the OECD countries as a whole).

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bauxite, phosphates, tin, iron ore and copper – is included in the resolution with provision for others to be added. The resolution also provides for preparatory meetings to discuss the principles and modalities of a common fund for buffer stock financing to be followed by a negotiating conference to be held not later than March 1977 and open to all UNCTAD members. The objective of the resolution is stated to be the achievement of stable conditions in commodity trade at levels which would be remunerative and just to producers and equitable to consumers; take account of world inflation and changes in the world economic and monetary situation; and promote equilibrium between supply and demand within commodity trade. It also seeks to improve and sustain the real income of developing countries through increased export earnings, improved market access, diversified production and the expanded processing of primary products within developing countries.

Debt and Aid Questions

On the debt problem facing many developing countries, a conference resolution pledges the developed countries to respond in a multilateral framework (that is, through aid groups or creditor clubs as appropriate) quickly and constructively, with a view to taking prompt action, to requests from any individual developing country finding itself in difficulty because of indebtedness. The resolution also invites existing international bodies to identify, from current and past experience, what features might give flexible guidance for future operations relating to debt problems.

A number of issues relating to the transfer of resources, including aid and monetary matters, which were considered by the conference, are to be discussed further within UNCTAD's permanent machinery.

Transfer of Technology

The conference adopted three resolutions on this question. The first provided for work to proceed with the drafting of a code of conduct on the transfer of technology, without prejudice to the question whether it should be legally binding, a decision on this point to be taken at a United Nations conference to be convened in 1977. Of the other two resolutions, one dealt with practical measures for strengthening the technological capacity of developing countries – including the need for developed countries to develop and disseminate technology appropriate to the needs of developing countries, the establishment of an Advisory Service on Transfer of Technology within UNCTAD, and support for measures to eliminate and control restrictive business practices which limit technology transfer; and the other with the revision of the international patent system.

Multilateral Trade Negotiations

The conference reaffirmed the need to secure benefits for the developing countries in the multilateral trade negotiations in the General Agreement on Tariffs and Trade (GATT), which are to be concluded by the end of 1977, in particular urging participating countries to realise the objectives of the 1973 Tokyo declaration relating to more favourable treatment for these countries (see p 394, 1973). The conference also reached agreement on extending the generalised system of preferences in favour of developing countries' exports, including a call for, as far as possible, duty-free entry for their manufactured and semi-manufactured products.

Transnational Corporations

By a vote of 86 for to none against (with 16 abstentions including Britain) the conference recommended that action be taken at national, regional and international levels to achieve a reorientation in the activities of transnational corporations towards more complete manufacture, and towards further processing of raw materials, in developing countries. To facilitate this, developed countries were called upon to adjust their tariff, fiscal and other policies. (See also pp 291–2.)

Other Matters

A resolution was adopted on UNCTAD's future which reaffirmed the importance of its role in the field of trade and related issues of international economic co-operation and sought to strengthen its effectiveness. Other resolutions dealt with the need to increase aid to the least developed countries and to provide this in grant form; the particular requirements of island and landlocked developing countries; economic co-operation among developing countries; and relations between developing countries and the Communist countries of Eastern Europe (the latter being called upon to 'take appropriate steps effectively and substantially' to increase their economic and technical assistance).

Britain's Trade within the European Community

Detailed information on Britain's trade with the other member countries of the European Community in 1975 (see also pp 159-64) was published in *Trade and Industry* on 7 May.

Exports to the other member countries on a balance of payments basis increased in value by 13 per cent in 1975, while the value of imports from them increased by 14 per cent over the same period. Britain's visible trade deficit with other member countries thus widened further from £2,026 million in 1974 to £2,354 million in 1975 (see Tables 1 and 2).

TRADE BY COMMODITY

Table 3 analyses Britain's trade with other member countries of the Community by broad commodity group. A commodity breakdown of exports and imports is not available on a balance of payments basis, but the commodities contributing to the movements in the overall deficit can be seen from the 'crude' balance of trade, that is, the difference between exports f.o.b.[1] and imports

[1] 'Free on board', that is, excluding the cost of insurance and freight.

Table 1

United Kingdom Balance of Trade by Area: All Goods

£ million, balance of payments basis

	Rest of European Community	Rest of Western Europe	North America	Other developed countries	Oil exporting countries	Rest of world	Total
1970	+47	+179	—482	+149	—114	+196	—25
1971	—183	+118	—170	+223	—188	+480	+280
1972	—583	—37	—79	—156	—130	+283	—702
1973	—1,167	—302	—265	—203	—329	—67	—2,332
1974	—2,026	—329	—714	+93	—2,205	—84	—5,264
1975	—2,354	—54	—668	—13	—698	+588	—3,200

Table 2

United Kingdom Balance of Trade with the rest of the European Community

£ million, balance of payments basis
(percentage change on previous year in parentheses)

	Exports f.o.b.	Imports f.o.b.	Visible balance
1970	2,269	2,222	+47
1971	2,408 (+6)	2,591 (+17)	—183
1972	2,684 (+11)	3,267 (+26)	—583
1973	3,755 (+40)	4,922 (+51)	—1,167
1974	5,277 (+41)	7,303 (+48)	—2,026
1975	5,965 (+13)	8,319 (+14)	—2,354

c.i.f.[1] (Although, as the article points out, this is not a good measure of the balance of trade in goods because, among other things, of differences in valuation, these crude balances provide a reasonable indication of the trends in the balances through time.)

The main changes between 1974 and 1975 were an increase in Britain's crude trade deficit in food and live animals, an increase in the deficit in fuels, and an improvement in the balance of trade in chemicals.

Food and Live Animals

Britain's crude trade deficit with other member countries of the Community in food and live animals increased by £253 million between 1974 and 1975, despite an increase of 74 per cent in exports of this commodity group to £456 million. Imports of food and live animals rose by 30 per cent to £1,930 million in 1975.

Most of the increase in food exports to the rest of the Community in 1975 was concentrated in meat (particularly beef) and cereals (particularly barley). The rise in value of beef exports is a consequence of the gradual approximation of prices in Britain to the full Community level during the period of transition (see p 203, 1973). Other factors contributing to the high level of exports in 1975 were increased production in Britain and the reductions in the monetary compensatory amounts (MCAs) resulting from devaluation of the 'green pound' (see pp 96, 313, 1975).

[1] 'Cost, insurance, freight', that is, inclusive of the cost of insurance and freight from the country of consignment.

Cereals

The increase in barley exports in 1975 was partly a reflection of the good 1974 harvest in Britain which was of higher quality, particularly for malting barley, than in other member countries of the Community, and partly a reflection of the price structure for cereals at the time of the 1975 harvest.

Imports of wheat from the rest of the Community were 63 per cent greater in 1975 than in 1974. The increase was concentrated in the second half of the year and reflected a poor 1975 wheat harvest in Britain; moreover, the Community harvest was of exceptionally good quality and there was some substitution of Britain's sources of supply from North America to other member countries of the Community.

Dairy Products

Three-eighths of the rise in imports of food from the rest of the Community between 1974 and 1975 reflected a higher level of arrivals of dairy products, particularly butter. While British production of dairy products in the year fell, demand remained at relatively high levels, in some measure reflecting the effects of subsidies on these products. Higher imports from other member countries helped to fill the gap.

Fruit and Vegetables

There was a rise of £46 million in 1975 in imports of fruit and vegetables from the rest of the Community. This was partly due to a higher value of arrivals of apples, and partly to a sharp increase in imports of potatoes which took place in the second half of 1975 in compensation for the very poor 1975 potato crop.

Sugar

Imports of sugar from the rest of the Community rose strongly in the second half of 1974 and at the beginning of 1975 as a consequence of the failure of Britain's sugar beet harvest in 1974. Though there was a sharp fall in imports in the second half of 1975, the value of imports doubled between 1974 and 1975 as a whole.

Fuels

The rise in the deficit in fuel in 1975 reflected an 11 per cent increase in imports of petroleum and petroleum products, while the value of exports was virtually unchanged.

Table 3

United Kingdom Crude Trade Balance with the rest of the European Community by Commodity

£ million, overseas trade statistics basis

Industry group	1970	1971	1972	1973	1974	1975
Food	–433	–504	–497	–696	–1,221	–1,474
Beverages and tobacco	–24	–31	–50	–111	–86	–66
Basic materials	+13	+25	+28	+2	+9	+28
Fuels	–81	–79	–103	–105	–260	–326
Vegetable oils, etc.	–13	–14	–11	–13	–32	–30
Chemicals	–20	–6	–14	–33	–109	–5
Other semi-manufactures	+247	+198	+147	+183	–144	–182
Machinery and transport	+188	+126	–73	–322	–259	–228
Other manufactures	+8	+3	–34	–103	–131	–129
Other goods	+30	+25	+28	+26	+20	+26
Total	–85	–256	–579	–1,172	–2,213	–2,386
The crude balance in some of the major commodities was*:						
Meat	–189	–208	–187	–238	–329	–310
Dairy produce	–72	–95	–103	–119	–259	–412
Cereals	–40	–45	–49	–128	–284	–263
Fruit and vegetables	–67	–68	–79	–99	–131	–174
Sugar	+3	+2	+1	–3	–68	–152
Beverages	+12	–30	–51	–113	–79	–65
Fuels	–81	–79	–103	–105	–260	–326
Plastics	–18	–25	–37	–62	–143	–62
Iron and steel	+10	–8	–28	–73	–293	–311
Machinery	+85	+82	–16	–229	–201	–190
Road motor vehicles	+67	+21	–104	–125	–92	–96

* The crude balance is the difference between exports f.o.b. (free on board) and imports c.i.f. (cost, insurance and freight). Since both sides of the account are valued at the British port, the import figures include, among other things, the cost of freight from the exporting country. Adjustments have to be made both to exports and imports to bring them onto a balance of payments basis in order to arrive at the visible balances shown in Tables 1 and 2.

Plastics Materials

Within manufactured goods there has been a marked reduction in Britain's deficit with the rest of the Community in plastics materials. This deficit increased considerably in 1974, mainly due to capacity constraints in Britain at a time of high demand, and the 1975 position reflects the reversal of this – that is, a lower level of demand coupled with an easing of plant difficulties.

Iron and Steel

The deficit in iron and steel, which worsened considerably in 1974 as imports from other member countries of the Community grew by 146 per cent – largely as a result of capacity constraints in the British steel industry at that time – remained high in 1975. A number of the contracts for imported iron and steel signed in 1974 were long-term and thus overseas manufacturers have continued as sources of supply, despite the generally widespread availability of capacity in Britain in 1975.

Machinery

While the exports and imports of non-electrical machinery grew at very similar rates in 1975 (27 per cent and 26 per cent, respectively) Britain's crude trade deficit with the rest of the Community in this commodity group widened by £22 million. Both exports and imports of aircraft engines, internal combustion engines, tractors, and statistical machines grew rapidly.

The crude deficit in trade with other member countries in electrical machinery narrowed, with a particularly sharp increase in exports of electrical measuring and controlling instruments, so that Britain's deficit in machinery as a whole with the rest of the Community was slightly smaller in 1975 than in 1974.

Offshore Supplies

The British share of orders placed for equipment and services for use in offshore operations on the British Continental Shelf rose from 40 per cent in 1974 to 52 per cent in 1975, according to the second annual analysis of the Department of Energy's Offshore Supplies Office (OSO), published on 5 July.[1] In 1975 the total value of orders placed remained at a high level – £1,185 million – although £94 million below the record level of 1974. British companies won orders worth £613 million in 1975, compared with £516 million in 1974, and in 1975

[1] *Offshore 1975: An Analysis of Orders Placed.* Department of Energy. HMSO, 37p. ISBN 0 11 410285 6.

improved their share of both capital goods, from 47 to 63 per cent, and services, from 29 to 41 per cent. Excluding those sectors where British firms had little or no involvement, the British share was 66 per cent in 1975, as against 55 per cent in 1974. Detailed figures showing the value of orders and the British content are given in the table below.

Orders Placed by Offshore Operating Companies in 1975

	£ million	British share per cent
Capital goods:		
Concrete production platforms	59	50
Steel production platforms	75	95
Modules and other fabrications	171	60
Power generation equipment	27	71
Pumps, compressors, and process plant and equipment	46	84
Pipes	58	5
Pipe coating, fittings and casing	62	68
Communications equipment	13	83
Wellhead and completion equipment	10	88
Safety equipment	8	98
Total capital goods	**529**	**63**
Services:		
Exploration and drilling	192	38
Pipelaying	76	11
Installation	92	19
Diving	16	69
Helicopter and air services	23	59
Marine transport	81	42
Inspection testing and maintenance	14	69
Other services	91	78
Total services	**585**	**41**
Design and consultancy	**71**	**60**
Total	**1,185**	**52**

Orders for services increased from £534 million in 1974 to £585 million in 1975 and accounted for about half the orders placed, reflecting the change in the market with the start of offshore oil production. British companies secured orders worth £237 million, £84 million more than in 1974. The OSO has been particularly active in encouraging firms to enter underwater and service engineering, and in 1975 there was a considerable increase in the British involvement in diving, with signs that British firms were extending their operations into other underwater work and into the manufacture of support equipment. Britain's capability was also strengthened in design and project engineering, production drilling and exploration drilling. Although orders for capital goods declined from £660 million in 1974 to £529 million in 1975, British firms, where they had the capability and capacity, generally achieved a higher share of orders. The report notes a decline in the orders for production platforms, which it describes as 'disappointing although understandable', as a result of the closer scrutiny of investment decisions by oil companies, increased costs and the possibility of developments in production technology. As orders decline in some sectors, those British firms which have already become established in the offshore supplies market and have adapted their goods and services to meet the rigorous conditions of the North Sea are expected to seek fresh opportunities for expansion overseas. The OSO is helping firms to exploit this experience in the export markets through direct contact with leading companies and through promotional activities overseas.

The Government's total potential financial commitment to the offshore supplies industry was about £71 million by the end of 1975 through various schemes in support of its policy of encouraging the development of the industry; one such scheme is the Offshore Supplies Interest Relief Grant Scheme, which is intended to restore a degree of comparability between the credit terms available in relation to British suppliers of equipment to the British Continental Shelf and the preferential credit rates available in respect of supplies from other countries under their national export credit arrangements. In addition, several companies have benefited from the general industrial support schemes such as those under the Industry Act 1972 (see pp 407-8, 1975).

Guidelines for Multinational Enterprises

At the Ministerial Meeting in Paris on 21 June of the 24 OECD (Organisation for Economic Co-operation and Development) countries, the British Government and other member countries (with the exception of Turkey) published a declaration on international investment and the role and responsibilities of multinational enterprises.[1] The guidelines, which are voluntary and without legal force, are intended to set standards for the conduct of companies with substantial overseas investment in the countries in which they operate; they form the most important part of the declaration, which covers the whole subject of international investments as formulated by the OECD Committee on International Investment and Multinational Enterprises.

Some four-fifths of international investment is accounted for by the OECD countries and most of the world's major multinational enterprises are based in them. Britain is the world's second largest overseas investor. The British Government has welcomed the declaration and the formulation of the guidelines.

The programme of co-operation to attain the ends set out will be a continuing and pragmatic one, involving work on the identification of issues and the improvement of relevant information. The initial phase comprises the declaration and the recommended guidelines. Member countries have agreed to establish consultation procedures for issues arising in connection with the guidelines.

[1] The complete text was subsequently printed as a White Paper by the Department of Industry: *International Investment: Guidelines for Multinational Enterprises*. Cmnd 6525. HMSO, 28p. ISBN 0 10 165250 X.

Declaration

The declaration by the OECD Governments takes into consideration the increased importance of international investment in the world economy, the contribution it has made to development within OECD countries and the important role played by multinational companies. It notes that co-operation by member countries can help to encourage the positive contribution made by multinational enterprises to economic and social progress and minimise and resolve any difficulties which may arise from their various operations.

In the first part of the declaration, the Governments declare that they jointly recommend to multinational enterprises operating in their territories the observance of the guidelines, as set out in the annex to the declaration. Secondly, they recommend that Governments should give national treatment (treatment equivalent to that which they give to enterprises controlled by their own nationals) to foreign-controlled enterprises operating in their countries. This would apply to those owned or controlled by nationals of another member country and consideration would be given to applying national treatment in respect of countries who were not OECD members. Thirdly, they recognise the need to strengthen their co-operation over international direct investment and agree to take into account the interests of other countries in designing incentives or disincentives for this form of investment. In conclusion, the Governments declared their intention to consult one another on these matters and to review them within three years.

Guidelines

For the purposes of the declaration and guidelines, multinational enterprises are defined as being companies or other entities whose ownership is private, state or mixed, established in different countries and so linked that one or more of them may be able to exercise a significant influence over the activities of others and, in particular, to share knowledge and resources with the others. The degree of autonomy of each entity varies widely from one multinational enterprise to another.

The guidelines are addressed to the various entities within the multinational enterprise on the understanding that they will co-operate and provide assistance to one another, so as to facilitate observance of the guidelines. The recommendations cover general policies; disclosure of information; competition; financing; taxation; employment and industrial relations; and science and technology. An introduction to the guidelines emphasises the benefits that multinational companies can bring by contributing to the efficient utilisation of capital, technology and human resources between countries. It points out, however, that the advances made by the companies in organising their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives. In addition, there can be concern over the difficulty of clearly understanding the complex structures, operations and policies of the companies.

Among the general recommendations of the code of practice for multinational enterprises is that they should take fully into account established policy objectives of the OECD countries in which they operate; they should provide their subsidiaries with information which the local government may ask for and allow them freedom to develop and sell at home and abroad, consistent with the need for specialisation and sound commercial practice. Companies should not bribe, nor be expected to bribe, any holder of public office, make illegal contributions to political candidates or parties, or become involved in local political activities.

Enterprises are asked, with due regard to confidentiality and cost, to disclose information on their structure, holdings in affiliates, operations, sales, intra-group pricing policies and certain other matters.

With regard to competition policy, enterprises are asked to refrain from any abuse of dominant market positions by means such as anti-competitive acquisitions, unreasonable refusal to deal or discriminatory pricing. They should not take part in anti-competitive cartels which are not accepted under national or international law. Freedom to resell, export or otherwise develop should be allowed to purchasers, distributors and licensees, consistent with law, trade conditions, the need for specialisation and sound commercial practice.

In managing their financial and commercial activities, enterprises should take into account the economic policies of the countries in which they operate. They should provide taxation authorities with necessary information and should not modify in ways contrary to national laws the tax base on which members of the group are assessed.

Among the recommendations on employment and industrial relations, enterprises are asked to respect their employees' right to be represented by trade unions, to negotiate with their representatives and to provide these with the information needed for serious negotiations. Representatives should also be given information which will enable them to have a fair view of the company's (or the whole group's) performance. Enterprises should observe standards of employment and industrial relations at least comparable with those of the host country. They should not attempt to influence unfairly negotiations with employees' representatives by threatening to transfer operations elsewhere.

As far as appropriate, enterprises should ensure that their activities fit into the scientific and technological policies of the countries in which they operate, including the establishment and improvement in the country of capacity for innovation. They should help the rapid diffusion of technologies, with due regard to the protection of industrial and intellectual property rights, and grant licences for the transfer of technology on reasonable terms and conditions.

British Government's View

In a statement to the meeting in Paris, the Secretary of State for Trade, Mr Edmund Dell, welcomed the OECD declaration. He said that Britain regarded the measures on investment and multinational enterprises as a major step towards providing an international framework within which multinational

companies could operate. The British Government believed this would do much to maintain confidence in multinational companies and in international investment. By showing that they lived up to the guidelines and by providing a more comprehensive picture of their activities as a whole, companies would be able to do much to allay the concerns which were expressed about their activities. Britain continued to welcome inward investment which contributed to future development; national treatment was already accorded to most foreign-controlled companies established in Britain.

The Minister of State at the Department of Industry, Mr Alan Williams, also welcomed the step taken by the OECD countries, which he said would help to improve international confidence and promote the mutual benefits from international investment for home and host countries. He said he believed that the measures should be reinforced by co-operation with other countries, particularly in the United Nations, and Britain would continue to play an active part in this work.

Energy

NATIONAL ENERGY CONFERENCE

Britain's first national energy conference was held in London on 22 June and attended by nearly 500 people representing Government departments, the energy industries, trade unions, consumers, and environmental and conservation interests. The conference was the first attempt to bring together the many interested parties in the energy industries to discuss publicly the issues involved in formulating the Government's energy policy.

Opening the conference, the Prime Minister, Mr James Callaghan, emphasised Britain's promising energy prospects in the next few years. He said that, at a time when most industrial nations were becoming increasingly dependent on overseas supplies, Britain's position was changing from being heavily dependent on imports to relying almost entirely on indigenous resources; moreover, Britain might possibly become a net energy exporter. Coal was Britain's richest natural resource, with reserves that could last 300 years at present rates of consumption. Production of oil was increasing and by 1980 would be equivalent to, or even exceed, Britain's oil requirements; the gross value of Britain's oil reserves was estimated at about £200,000 million. Natural gas from the North Sea was meeting over 95 per cent of Britain's gas needs and was expected to save about £2,000 million in imports in 1976; gas reserves were valued at some £75,000 million. Britain had pioneered the use of nuclear energy for electricity generation and had a long experience of the tried and tested systems in operation. Mr Callaghan said that these rich resources would be used to fund the re-industrialisation of Britain. In the short term, their development had to be harmonised to obtain a solution which took into account the broader social and long-term supply aspects. The Government would seek to win agreement for its energy strategy, which would be formulated and directed in the same open way as the Government's industrial strategy (see pp 434-6, 1975), and would play its full part in the Conference on International Economic Co-operation (see pp 18-21).

The rest of the conference was devoted to over 50 speeches by delegates. In summing up the proceedings, the Secretary of State for Energy, Mr Anthony Wedgwood Benn, said that he had greatly benefited from the opportunity of listening to the arguments put forward and that a significant move had been made in deciding how energy policy should be made and how differences of interests should be resolved. Mr Benn said that Government decisions on energy policy, which were difficult to make because of the uncertainties involved, had to take into account the views of all interested bodies and every option ought to be publicly explored before final decisions were taken. Many of the speakers had suggested that there should be a small group of people to keep these matters under review and he thought there should be further discussions on this point.

Background Papers[1]

Several background papers were prepared by the main bodies involved and circulated to delegates. Three of the papers are summarised below.

World Energy Resources

A Department of Energy paper on world energy resources concludes that it would be prudent to assume a continuing rise in energy demand, even if at a lower rate than previously. The analysis of world energy reserves indicates that recoverable reserves of oil could last for 80 years at current rates of consumption, but less than 40 years if consumption grows by 4 per cent a year; recoverable reserves of gas could last for 50 years at an annual growth rate of 4 per cent; coal reserves are substantial, but current conversion processes are expensive; the limited availability of uranium could become a serious constraint on the development of nuclear power stations before the end of the century; and alternative sources of energy are unlikely to supply more than 10 per cent of world energy by the year 2000. Accordingly it suggests the full exploitation of conventional fossil fuels, especially coal; an important role for nuclear power in the development of electricity supply; further research into alternative sources of energy; and a substantial role for conservation, provided that it does not adversely affect economic growth.

Britain's Energy Prospects

This Department of Energy paper examines a range of possibilities about Britain's energy prospects by combining varying assumptions about the rate of

[1] A publication is to be issued containing a transcript of the conference proceedings and the background papers.

economic growth and future world oil prices. Britain is expected to have a relative abundance of energy resources in the 1980s and perhaps beyond. By 1990 Britain's energy requirement might be between 395 million and 465 million tons of coal equivalent (mtce) and, if oil and gas for non-energy uses are included, between 440 and 520 mtce might be needed, while indigenous production might range between 390 and 505 mtce. The problems will be to decide how to use the resources and what proportion to allocate for export. At some stage, perhaps in the 1990s, indigenous supplies of oil and gas will be diminishing and imported energy supplies might be required. However, there is a strong possibility that further quantities of oil and natural gas will be discovered. The demand for coal, especially for steam raising, will probably decline, although there will still be a substantial market in electricity generation; the future of coal beyond 2000 will lie in the development of new conversion processes.

Research and Development

Priority for energy conservation, coal and nuclear technologies is recommended in a discussion document on energy research and development in Britain produced by the Secretary of State for Energy's Advisory Council on Research and Development for Fuel and Power. The document is intended to provide a framework for the planning of research and development in energy and is seen as a first step in the formulation of a national energy research and development strategy. It recommends that considerable attention should be paid to coal utilisation and conversion technologies; some new technologies will be required to produce substitute natural gas and hydrocarbon liquids from coal and for energy storage and advanced generating systems, but many of these developments will be undertaken by the industries concerned or be available from overseas. Other suggestions are that a high priority should be given to developing the technology of Continental Shelf operations, including enhanced recovery techniques; nuclear technology should be expanded to maintain competitiveness of energy costs with those of other countries; continuing importance should be attached to improving the efficiency of conversion of primary energy into electricity; and that research into energy saving, for which there are opportunities in buildings, industry and transport, should receive high priority.

ENERGY BILL

The Energy Bill which, subject to approval by the House of Commons, will supersede the Fuel and Electricity (Control) Act 1973 (see p 505, 1973) by giving the Government permanent powers to control the use of fuel and electricity, received its second reading in the House of Commons on 15 June (*Hansard*, cols 323-410), having completed its passage through the House of Lords. The Minister of State at the Department of Energy, Dr Dickson Mabon, said that the permanent powers were required to meet Britain's international obligations and to further the Government's conservation policies. Certain changes to the Bill were made by the House of Lords and Dr Mabon indicated that amendments would be made by the Government where the changes were considered unacceptable.

General Controls

The Bill provides for the Secretary of State for Energy to make Orders controlling the production, supply, acquisition and use of crude petroleum, natural gas and petroleum products, other substances used as fuel and of electricity; to make Orders regulating the prices of crude petroleum, natural gas and petroleum products; and to give directions to producers and suppliers regarding production and use of these commodities. These powers may be fully exercised only after an Order has been made declaring that they are needed to meet international obligations or an energy crisis in Britain. Powers to control the use of energy may be activated by an Order specifying that they are required for energy conservation purposes.

Dr Mabon described Britain's obligations under the Agreement on an International Energy Programme (IEP, see p 434, 1974), which came into force on 19 January 1976. The Government was required to have powers to enable it to impose restrictions on the supply and use of energy in an emergency, to meet Britain's obligations to hold a minimum level of oil stocks and to provide information to the International Energy Agency. The 1973 Act was unsuitable, as it had been designed to meet an emergency and required annual renewal by Parliament. Permanent powers were needed to enable Britain to meet its obligations as a participant in the IEP's oil-sharing scheme, which included the ability to reduce oil demand by the amount specified in the agreement, and to direct British oil companies to re-allocate supplies among themselves and, if necessary, supply companies in other countries. Dr Mabon said that permanent powers were also needed to permit the introduction of further energy conservation measures, if required, in support of the Government's efforts to encourage greater efficiency in the use of energy.

Supply and Use of Gas

The Bill provides for control over the supply and use in Great Britain of natural gas from the British Continental Shelf, and will supersede Section 9 of the Continental Shelf Act 1964. With certain exceptions, the consent of the Secretary of State for Energy is required for the supply, use or liquefaction of gas and, where it is intended for industrial fuel purposes, consent may only be given if the gas has first been offered to the British Gas Corporation at a reasonable price. The Secretary of State's consent is required for the flaring of gas or the release of unignited gas into the atmosphere. The Bill provides for the British Gas Corporation to be relieved permanently of its obligation to meet demands for new or additional supplies of gas for certain large consumers, that is, those with a potential annual supply of over 25,000 therms.

Other Measures

The Bill contains provisions which will enable Britain to implement directives of the European Community's Council of Ministers and to enforce Euro-

pean Community energy regulations. These provisions relate to the management of supplies in an energy crisis and to a minimum level of oil stocks, both of which were covered under the 1973 Act; the holding of minimum stocks of fossil fuels at power stations; and the type of fuel to be used in new or converted power stations. Dr Mabon said that the Bill would enable the Government to implement any future arrangements in the European Community for dealing with energy crises.

The Bill provides for the Secretary of State for Energy to make Orders for the fuel consumption of cars to be tested and for the results to be published. Dr Mabon noted that this would enable car-buyers to make a more reliable estimate of a car's fuel consumption.

ALTERNATIVE SOURCES OF ENERGY

The Chief Scientist of the Department of Energy, Dr Walter Marshall, gave details of the possible contribution of alternative sources of energy to Britain's energy supplies at a symposium of the Royal Society of Arts in London on 16 June. Dr Marshall said that tentative estimates of the Energy Technology Support Unit (ETSU) at Harwell (Oxfordshire) suggested that, given a successful conclusion to a vigorous research and development programme, alternative sources could contribute the equivalent of 40 million tons of coal equivalent a year by 2000. Wave power's contribution was the largest – about 15 mtce – and its potential for growth beyond 2000 was very large. Other energy sources were tides (3 to 10 mtce), solar energy (8 mtce), wind power (6 mtce) and geothermal energy (4 mtce), of which only solar energy had a large potential for growth beyond 2000.

Dr Marshall said that Britain's resources might be insufficient to sustain a large development programme on all these sources and the current task was to determine priorities. The Department of Energy had already decided to embark upon research and development on three sources – wave power, solar energy and geothermal energy – and steering committees had been established to implement and monitor general programmes within the guidelines recommended by the Advisory Council on Research and Development for Fuel and Power. A two-year study of wave power had been initiated (see p 230). A programme on geothermal energy had been formulated and would be based on a forthcoming report of the ETSU. It would involve the gathering and assessment of geophysical data over a three-year period on the most promising areas in Britain for the recovery of geothermal energy. A research and development programme on the recovery of solar energy was being worked out with the Department of the Environment and would take account of a study by the ETSU, to be published later in 1976, and of the recent report of the British section of the International Solar Energy Society (see p 266). Other work in progress included an initial study on the effect of a barrage across the estuary of the River Severn and preliminary discussions on wind energy.

Ports

NATIONAL PORTS COUNCIL

The establishment of financial objectives for the ports industry and further reconstitution of port trusts (self-governing port authorities set up by Act of Parliament) are among the developments recorded in the report and accounts for 1975 of the National Ports Council (NPC), published on 24 June.[1] The report notes that the 14 per cent fall in 1975 in traffic[2] through the ports of Great Britain (England, Wales and Scotland), as a result of the general economic recession, adversely affected port revenues, although the total effect is not yet known. However, the NPC hopes that this is a short-term effect and says that there is no reason to suppose that when traffic increases the previously encouraging trend in port finances will not be renewed. It points out that between 1970 and 1974 the combined results of the 20 major port authorities improved from a deficit of £1·4 million to a surplus of £11·2 million.

Investment

Capital expenditure of port authorities was estimated to be some £56 million in 1975, compared with actual expenditure of £50 million in 1974. The report notes that the present lower level of port investment in real terms reflects the industry's success in meeting users' demands through earlier heavy investment programmes.

Two of the major schemes considered by the council during the year, and which were later given Government approval, are connected with the provision of oil terminals in Scotland to handle oil from the British sector of the North Sea. The project at Sullom Voe (Shetland) will involve the construction of three jetties, two of which will be able to serve ships of up to 300,000 deadweight tons (dwt), while the third will cater for ships of up to about 120,000 dwt. Shipments of oil through Sullom Voe should reach about 60 million tonnes a year by the early 1980s. The terminal at Scapa Flow (Orkney), which will be able to accommodate tankers of up to 200,000 dwt, is expected to start handling oil in the autumn of 1976. Other major schemes authorised by the Government include an ore and coking coal import and transhipment terminal at Hunterston (Strathclyde), which will be able to accommodate ships of up to 350,000 dwt, larger than can be handled at any ore terminal in Europe; and a terminal at Aberdeen for a roll-on/roll-off service to Lerwick (Shetland). The NPC considered further projects including a £16 million proposal for a new deep-sea container complex at Tilbury, Port of London, and an £8 million scheme for a new terminal at Dover (Kent) to cater for larger hovercraft on cross-Channel services. Grants were received from the European Community's Regional Development Fund for development schemes at several ports, such as Tees and Hartlepool (for

[1] *National Ports Council. Annual Report and Accounts 1975.* NPC, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ, 75p. ISBN 0 901058 86 6.

[2] Detailed figures will be given in the council's *Annual Digest of Port Statistics 1975* (2 volumes), to be published later in 1976.

installing timber-handling facilities and providing two new berths), Hull, Tyne, Aberdeen and Lerwick.

Trade with the other members of the European Community has been the fastest growing section of non-fuel trade; between 1965 and 1975 it more than doubled to 31·5 million tonnes, 33 per cent of the total, while passenger traffic nearly doubled. Further expansion is expected, but the council believes that there will be no immediate shortage of capacity and that it will be relatively easy to extend capacity to meet any growth in traffic.

Finance

In November 1975 the NPC published a memorandum[1] describing the financial objectives which had been agreed with the industry. The prime objective is that port authorities should achieve an internal cash flow to meet the payment of interest, dividends (where applicable) and taxation; the redemption of capital debt due for repayment in the year, and provision towards the redemption of debt due to be repaid in future; and 50 per cent of capital expenditure. The NPC hopes that port authorities will need not more than two or three years to attain this objective.

Reconstitution of Port Trusts

Several port authorities, including those for the ports of London, Medway, Dover and Milford Haven (Dyfed), were reconstituted substantially on the lines of the council's proposals for improving the structure of port trusts. The effects of reconstitution are a reduction in the number of members and the introduction of a significant proportion of executive members. In most cases membership based on appointment by the nomination of, or after consultation with, particular interests, has been eliminated.

BRITISH TRANSPORT DOCKS BOARD

Although traffic through the ports of the British Transport Docks Board (BTDB), which controls most of the ports run by nationalised industries, fell in 1975, the level of profits and the rate of return on capital increased, according to the board's annual report and accounts, published on 13 May.[1] Income rose by £13·4 million in 1975 to £77·5 million and the surplus after depreciation was £12·5 million, compared with £12·1 million in 1974. This represented a rate of return on capital employed of 8 per cent, as against 7·8 per cent in 1974. After interest and other charges, there was a net surplus (before deferred tax) of £1·7 million.

Traffic through the board's ports, as through other ports, declined; 77·3 million tonnes of cargo were handled in 1975, 8·9 per cent lower than in the previous year. All the main commodities, except coal, declined, although the number of freight units on container and roll-on/roll-off services increased by 3·3 per cent to 774,000. However, passenger traffic rose by 10·3 per cent to 3·2 million and accompanied passenger vehicles by 16·3 per cent to 514,000.

Development

Capital investment, which was financed entirely from internal resources, amounted to £9·9 million in 1975. At Southampton construction work began on a berth for the South African container service, which will start in 1977, and on the port's sixth roll-on/roll-off terminal. The ports on the Humber operated successfully during the year and several new services were started from Hull and Immingham. Traffic through the south Wales ports was adversely affected by the recessions in the steel industry and in the timber trade, although imports of coal increased substantially. Developments at the smaller ports included the completion of a roll-on/roll-off terminal (see p 283, 1975) and the first stage of the fish docks modernisation scheme at Fleetwood, a large increase in the number of passengers on the service from Plymouth to Roscoff (France) and the construction of a grain silo at King's Lynn.

The BTDB is planning to acquire the east-coast port of Felixstowe, provided that a Private Bill, which was given a second reading in the House of Commons on 24 March (*Hansard*, cols 476-540), completes its remaining parliamentary stages and receives the Royal Assent by 15 November 1976.

[1] *Financial Objectives for the Port Industry*. NPC, £5. ISBN 0 901058 78 5.

[1] *British Transport Docks Board. Report and Accounts 1975*. BTDB, Melbury House, Melbury Terrace, London NW1 6JY, free (limited).

SOCIAL AND CULTURAL AFFAIRS

UN Habitat Conference

Habitat, the United Nations Conference on Human Settlements, ended in Vancouver, Canada, on 11 June with the adoption of a Declaration of Principles intended as a broad guide to improving living standards in villages, towns and cities throughout the world. Approval was also given to a series of recommendations for national action to improve settlement policies, planning, institutions and management; and to a resolution calling for the establishment of international machinery to help countries in their efforts to solve settlement problems, and to promote greater international co-operation for increasing the resources available to developing countries.

The conference, which had opened on 31 May, was convened under a resolution of the General Assembly, adopted in 1973, which affirmed that the main purpose of Habitat 'should be to serve as a practical means to exchange information about solutions to problems of human settlement against a broad background of environmental and other concerns which may lead to the formation of policies and actions by Governments and international organisations'. It was attended by representatives from 131 countries together with over 160 non-governmental organisations, and a number of intergovernmental bodies. The British delegation was led by Mr Peter Shore, the Secretary of State for the Environment. Mr Timothy Raison, the Opposition spokesman for the environment, was also present.

The World Habitat Problem

The fundamental problem confronting the conference was that of how to improve the living standards of the hundreds of millions of people who exist in squalid and deprived conditions, in both urban and rural settlements, in the developing and, to a lesser extent, in the developed countries. The size of the problem is immense. United Nations studies show that approximately 750 million – or 40 per cent – of the total population of developing countries live in conditions of absolute or relative poverty. Of these, an estimated 600 million – or 80 per cent – live in rural areas. The remainder, one-third or more of the entire urban population of the developing world, live in slums and squatter settlements. Most have no water within 100 metres of their houses, and nearly one-third have no access to any system of public sewage disposal, while more than half the populations, urban and rural, have no electricity. Over the past decade housing conditions have become significantly worse in a majority of the developing countries.

Reviewing the situation at Habitat's opening session on 31 May, the United Nations Secretary-General, Dr Kurt Waldheim, described Habitat as part of an historic endeavour by the United Nations to establish new global strategies to meet global problems. Reviewing changes in social conditions over the last century, he observed that one was forced to recognise the grim fact that after a century of science and invention and of unparalleled technological progress, the number of people who were ill-fed and ill-housed and who, in the main, lead a life of poverty, was larger than ever before.

The symptoms of an increasingly serious situation in human settlements were evident in virtually all countries, declared Dr Waldheim. The most harmful of these were only too conspicuous: poverty and unemployment, rural stagnation and the mass exodus from the countryside into the cities, ever-spreading urban slums and squatter settlements, the world-wide and growing shortage of housing, the inability of Governments to provide basic services of water and sanitation, the menace of air, water and land pollution, and the crisis in municipal finances in the face of these problems.

It was necessary, therefore, Dr Waldheim continued, for the patterns of human settlement development that had led to the present crisis to give way to new systems of organisation, better planning, fuller use of local experience, more integrated social patterns and an enlightened sense of responsibility in the use of resources. There were far more possibilities for improvement than were taken advantage of. The problems, he declared, were not technical, perhaps not even political, but social and organisational. He hoped that the recommendations of the conference would embody as a fundamental goal the setting up of a minimum standard for decent living for all people and promote the social changes needed to bring that about.

Conference Resolutions

Three major documents emerged from the conference. The first of these was the 'Vancouver Declaration on Human Settlements, 1976', which was submitted to the conference by the 'Group of 77' developing countries, and adopted by 89 votes in favour with 15 against and 10 abstentions. A number of Western developed countries – Britain

and the United States among them – voted against it. Referring to this in the House of Lords on 24 June (*Hansard, HL,* cols 425-7), Baroness Birk, Parliamentary Under-Secretary of State, Department of the Environment, stated that Britain had done so because of the insertion in the Declaration of an implicit endorsement of the General Assembly resolution which characterised Zionism as a form of racism (see pp 480-1, 1975). Of the recommendations that stemmed from it (which, with two exceptions, Britain supported – see below), she said that these should be of particular value to developing countries, and help to ensure that the aid given by Britain would be used in the most effective way.

Containing a statement of general principles and guidelines for action, the Declaration recognises 'that the circumstances of life for vast numbers of people in human settlements are unacceptable . . . and that, unless positive and concrete action is taken at national and international levels to find and implement solutions', the situation will be further aggravated by such factors as population growth, unbalanced economic development and rapid unplanned urbanisation.

The goals of settlement policies, it states, are inseparable from the goals of every sector of social and economic life. The solutions to settlement problems must therefore be conceived as an integral part of the development process of individual nations and the world community.

In the section containing guidelines for action, the Declaration proposes that national and international efforts should give priority to improving the rural habitat and to reducing the disparities between rural and urban areas. It also calls upon Governments to promote programmes which will encourage and assist local authorities to participate to a greater extent in national development, and urges that, because of its limited supply, the use and tenure of land should be subject to public control.

The second document produced by the conference comprised a set of 64 recommendations for national action. Suggesting specific ways in which people might be assured of the basic requirements of human habitation – shelter, clean water, sanitation and a decent physical environment, and in addition, the opportunity for cultural growth and the development of the individual, the recommendations covered the following broad categories: settlement policies and strategies; settlement planning; the provision of adequate shelter, infrastructure and services; land ownership and management; public participation in settlement policies and their implementation; and settlement institutions and management. The recommendations, apart from the adoption by roll call of two amendments relating to settlement in territories under foreign occupation (which Britain voted against), were adopted by consensus.

Thirdly, the conference adopted by consensus a resolution calling for the establishment of an intergovernmental body, composed of not more than 58 states, to deal with settlement problems. This would have among its main functions the development and promotion of policy objectives and priorities for United Nations programmes concerning human settlements, the monitoring of activities of the United Nations system, and the study of new issues, problems and solutions relating to settlements. The body would also exercise overall policy guidance and supervision of the operations of the United Nations Habitat and Human Settlements Foundation (which now functions under the United Nations Environment Programme).

British Views

Addressing the conference on 3 June, Mr Shore said that Britain – the world's oldest industrial nation – had been dealing with the problems of urbanisation longer than any other country and thus had experience which, he felt, could be of value to countries facing similar challenges. The present comprehensive system of planning for town and country had been in operation in Britain for the last 30 years, during which time the British Government had learned that planning must be concerned with the total environment, that it must be related not only to people's economic activities but also to their wider social needs. Another important lesson which the planning experience of the last three decades had taught was the need for control in the planning of industrial locations, one of the key factors, said Mr Shore, to controlling the growth of cities.

These lessons, he explained, had led to new approaches in planning policy in Britain: first, strong emphasis was now being placed on public participation as an integral part of the planning process; second, the general policy of comprehensive redevelopment, which had involved large-scale clearance, was being replaced by a policy of gradual renewal and redevelopment; third, the Government was determined to discontinue the construction of multi-storey blocks of flats, with their socially disadvantageous results, in favour of building on a human scale; fourthly, the Government believed that the best means of ensuring successful planning was to put development land into public ownership, thereby enabling the community to take the initiative in planning and to benefit from that planning. Finally, said Mr Shore, the British Government was keenly aware of the need to tackle with renewed vigour the problems arising from unbalanced depopulation.

Turning to the problem of housing conditions in the developing countries, Mr Shore declared that British bilateral aid strategy was designed to ensure that the poorest developing countries and the poorest communities within those countries should benefit most from British aid efforts. While Britain was concerned to support any measures to help the urban poor and to alleviate the growing problems of urban unemployment, the majority of the poor in the third world lived in rural areas, and hence the major priority in the British aid programme was rural development to help the rural poor both economically and socially, and in so doing help stop rural-urban migration, one of the major causes of urban squalor. It was the British Government's aim to work for similar objectives in the field of multilateral assistance and it was for this reason that Britain attached particular importance to improving the machinery of international co-operation aimed at helping poorer countries to deal with their settlement problems.

British Aid

British financial aid to urban development – using the term in its widest sense to include sewerage and

other public utilities – cannot be accurately calculated. However, assistance to housing increased from some 2 per cent of total bilateral financial aid in 1970 to over 5 per cent in 1974 when over £13 million was disbursed to this sector. Major projects supported in this period included housing development in Gibraltar where, among other housing projects, some £5·15 million has been made available to finance the building of some 650 flats to house 2,600 people; and the construction of Belmopan, the new capital of Belize, to which Britain has made a substantial contribution. Britain has also provided financial assistance to assist the development of the new capital cities of Botswana and Malawi. In addition a considerable proportion of British financial aid is channelled through the Commonwealth Development Corporation (CDC, see pp 242-44), which at the end of 1975 had committed some £57·2 million, or 20·1 per cent of all CDC commitments, in some 35 mortgage finance and housing development projects. Technical assistance includes the provision of relevant training opportunities in Britain and the provision of expert advice and assistance by organisations like the Building Research Establishment, the Transport and Road Research Laboratory, and the Hydraulics Research Station, all of which have overseas units, and the Directorate of Overseas Surveys.

In its aid policy towards housing development as outlined in a recent Government White Paper (see pp 446-8, 1975), Britain is attaching increasing importance to a 'site and services' approach. 'Site and services' schemes minimise costs, first by ensuring that participants in each scheme contribute their own labour to the construction of housing, and second, by permitting construction standards determined by resources, skills and initiatives of individual families, provided that necessary standards of health and safety essential in the interests of the whole community are maintained. An early example of this kind of approach is to be found in a self-help housing scheme in Seychelles where, in 1970, Britain made a grant of £27,000 towards the cost of a pilot project involving the construction of 50 houses for low-income groups. Other schemes at present being assisted include two projects in Malawi, at Lilongwe and South Lunzu, and two in Botswana, at Lobatse and Gaborone. Another scheme, at Francistown in Botswana, was recently completed.

(For further details on British aid to housing and related development, and on environmental planning in Britain, see *Britain and the UN Conference on Human Settlements*, COI, Factel No 665.)

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Ministerial Appointment. Mr James Tinn, MP, was appointed an Assistant Government Whip on 16 June.

Parliamentary Elections in Britain. COI, R5513.

House of Lords Procedure. A select committee is being established to consider the practice and procedure of the House and to make recommendations for the more effective performance of its functions. *Hansard* (*HL*), 6.7.76, cols 1140–1.

Procedures for Handling Cabinet Documents. During a statement about the disclosure of information in Cabinet papers to the author of an article in the magazine *New Society,* the Prime Minister announced that the rules covering the handling of Cabinet documents would be examined by a small committee of Privy Counsellors under the chairmanship of Lord Houghton. The Government hopes to bring forward proposals as soon as possible for reforming the official secrets legislation in a way which will make its coverage both more limited and more effective. *Hansard,* 1.7.76, cols 650-8.

Royal Commissions and Advisory Committees in Britain. COI, SN5839.

The Report of the Hansard Society Commission on Electoral Reform. The Hansard Society is an independent body which aims to promote research, discussion and greater public understanding of all issues affecting parliamentary government. Available from The Hansard Society for Parliamentary Government, 12 Gower Street, London WC1E 6DP. 35p.

Britain's Associated States and Dependencies. COI, PB5917.

External Affairs and Defence

Hong Kong and Cyprus. [*Defence.*] Third report from the Expenditure Committee: Session 1975-76. Observations by the Secretary of State for Foreign and Commonwealth Affairs and the Secretary of State for Defence. Cmnd 6499. HMSO, 20p. ISBN 0 10 164990 8.

NATO Final Communiqués 1975. Issued by Ministerial Sessions of the North Atlantic Council, the Defence Planning Committee, and the Nuclear Planning Group. NATO Information Service, 1110 Brussels.

Consular Convention between the United Kingdom of Great Britain and Northern Ireland and the German Democratic Republic. Cmnd 6501. HMSO, 35p. ISBN 0 10 165010 8.

Economic and Scientific Affairs

Export-led Recovery. A survey into short-term export prospects among Britain's 75 top exporting companies carried out by the Department of Trade shows that they expect a continued strong expansion in their exports during 1976, of which the volume is expected to be about 11 per cent higher and the value some 25 to 30 per cent higher than in 1975. *Trade and Industry,* 11.6.76.

Export Credits. In a written answer to a question in the House of Commons on 15 June, the Secretary of State for Trade, Mr Edmund Dell, said that as the authorities in a number of major trading nations had indicated their intention to change the terms on which they were prepared to provide official support for export credit of two years or more, he was instructing the Export Credits Guarantee Department (ECGD) to apply new guidelines, with effect from 1 July, which would affect the arrangements normally applying to minimum predelivery payments, minimum rates of interest and maximum lengths of credit. ECGD has published details of the new guidelines, which are not binding: departures from them may be made – for example, to match competition – and the Government intends to review experience in mid-1977. Prior commitments will be unaffected. *Hansard,* 15.6.76, written answers, cols 124-5. [The changes will not be great, reflecting the fact that in general Britain has offered facilities which were towards the middle of the range of interest rates and lengths of credit offered internationally. ECGD press notice, 15.6.76.]

Overseas Investment and Export Guarantees Act 1972. Annual report by the Secretary of State for Trade. HMSO, 12p. ISBN 0 10 251476 3.

Industrial re-structuring: Some Manpower Aspects. By John Hughes. NEDO Discussion Paper 4. Available from Neddy Books, National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX. £1·50. ISBN 0 7292 0017 5.

National Dock Labour Board. Annual Report and Accounts 1975. National Dock Labour Board, 22-26 Albert Embankment, London SE1 7TE. 20p.

Welsh Economic Trends Tueddiadau'r Economi, No 3 1976. HMSO Cardiff, £2·70. ISBN 0 11 790067 2.

Statutory Labelling for Dangerous Chemicals. Some 800 dangerous chemicals commonly used in industry, about a dozen of which are also used in the home, are covered by a labelling scheme issued in the form of draft regulations by the Health and Safety Commission (HSC) on 6 July. After consultations with interested parties, the HSC will ask the Secretaries of State for Employment and for Prices and Consumer Protection to introduce legislation by July 1977 which would require suppliers to attach warning labels to containers of all these chemicals. The labels have been devised by the Commission of the European Communities and all nine member states have agreed to introduce the scheme. The draft regulations are available free from the Enquiry Point, Health and Safety Executive, Baynards House, Chepstow Place, London W2 4TF.

Pay Structures of Retail Sales Staff. This study, which resulted from earlier work of the working party on Pay and Efficiency in Retail Distribution (see p 499, 1974), concludes that retailers' problems of high labour turnover cannot be related solely to levels of pay or the form of pay structures. Available free from Neddy Books, National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX.

Household Expenditure. The average amount spent on goods and services by private households in Britain in 1975 was £54·58 a week, an increase of £8·45 or 18 per cent over 1974, according to preliminary results of the Family Expenditure Survey 1975. Food continued to account for almost a quarter of total expenditure, 24·8 per cent compared with 24·5 per cent for 1974, while transport and vehicles represented 13·8 per cent, compared with 13·4 per cent for 1974. The full report of the survey will be published later in the year. Department of Employment press notice, 1.7.76.

International Coffee Agreement 1976. Cmnd 6505. HMSO, 55p. ISBN 0 10 165050 7.

Rabies. Speaking in a debate on rabies in the House of Commons, Dr Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, explained the Government's policy for dealing with the rabies threat. He said in the course of his speech: 'Our primary and overriding aim is to keep rabies out of Great Britain.' The Government had introduced stringent import controls, compulsory quarantine requirements and severe penalties for offenders. A contingency plan had been drawn up for use should an outbreak occur and local authorities were being encouraged to draw up and develop their own local plans to suit local circumstances. To this end, guidelines were being sent to county councils. Dr Strang stressed the close co-ordination which existed at various levels of Government. *Hansard,* 15.6.76, cols 509-13.

National Economic Development Office: The UK and West German Manufacturing Industry 1954-72. This monograph compares performance and shows that manufacturing industry in the Federal Republic of Germany performed substantially better than British industry in the period under review. The information, not previously published, is of value for the Government's industrial strategy [see pp 73-4] which is aimed at reversing the decline of British manufacturing industry. No simple explanation has been found for the differences in performance; the division of output, labour and capital among the 14 sectors examined was fairly similar in the two countries throughout the period and this similarity tended to increase. Available from Neddy Books, NEDO, Millbank Tower, London SW1P 4QX. £4·50. ISBN 0 7292 0013 2.

Aims and Scope of Company Reports. A draft consultative document, which is being circulated for initial comments to certain interested organisations before being published later in the year as a full consultative document. It proposes extensive enlargements in the range and detail of statements given in companies' annual reports. Four areas of possible additional information are: an added value statement; an employment report; a statement of future prospects; and a statement on corporate objectives. Available from Department of Trade, 1 Victoria Street, London SW1H 0ET.

Monopolies and Mergers Commission: Report on the Supply of Building Bricks. The commission found that monopoly conditions prevail with respect to the supply of building bricks in Great Britain because one manufacturer, The London Brick Company Ltd (LBC), supplies at least one-third of the market. The commission concluded that LBC's monopoly position does not operate against the public interest. The company's practice of overcharging, for transport, customers close to its works and undercharging those distant from its works may operate against the public interest because it represents unfair competition and could lead to inefficient use of national resources. In a written parliamentary answer (*Hansard,* 17.6.76, written answers, cols 221-3) the Minister of State for Prices and Consumer Protection, Mr John Fraser, said that the Government accepted the commission's recommendation that the LBC should, as far as is practicable, relate its transport charges to the customer to the cost of delivery to him. House of Commons Paper No 474. HMSO, £1·35. ISBN 0 10 247476 1.

Construction into the early 1980s. The Implications for Manpower and Materials of Possible Levels and Patterns of Demand. Building and Civil Engineering Economic Development Committees. National

Economic Development Office. HMSO, £2. ISBN 0 11 700757 9.

Scottish Construction into the early 1980s. The Implications for Manpower and Materials of Possible Levels and Patterns of Demand. Building and Civil Engineering Economic Development Committees. National Economic Development Office. HMSO, £2. ISBN 0 11 700836 2.

State Participation in Offshore Oil. The principles of a participation agreement between British Petroleum (BP), the Government and the British National Oil Corporation were set out on 1 July. The agreement covers participation in BP's commercial oilfields on the British Continental Shelf discovered under existing licences and co-operative agreements on refining and other 'downstream' activities. *Hansard*, 1.7.76, written answers, cols 237-8. The principles of the agreement are given in Department of Energy press notice No 179, 1.7.76.

Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Socialist Republic of Romania for Co-operation in the Peaceful Uses of Atomic Energy. Cmnd 6462. HMSO, 22p. ISBN 0 10 164620 8.

British Waterways Board. Annual report and accounts for 1975. British Waterways Board. HMSO £1·20. ISBN 0 903218 14 3.

Hydrographer's Report, 1975. The report for 1975 of the Hydrographer to the Navy speaks of new work stemming from development of the offshore energy industry by way of the survey of tow-out routes of production platforms from the building yards to the oilfields of the North Sea. Ministry of Defence news release, 5.4.76.

Airport Strategy for Great Britain. Part 2: The Regional Airports. This consultative document examines the contribution that the airports in Great Britain outside south-east England might make to handling the future growth of air traffic. It indicates that there is no shortage of capacity and suggests that the natural growth of air traffic in the regions and the prospect of attracting traffic from south-east England to the regions might best be encouraged by the concentration of air services at a limited number of airports. About six months will be allowed for consultations and the Government will take into account views expressed on both consultative documents (for Part 1 see p 497, 1975) before putting proposals to Parliament on future airports policy. Department of Trade. HMSO, £6. ISBN 0 11 511717 2.

National Bus Company. Annual report 1975. National Bus Company. HMSO, £1. ISBN 0 902950 07 X.

Science and Technology in the Management of Complex Problems. Organisation for Economic Co-operation and Development. HMSO, £3. ISBN 92 64 11479 3.

Franco-British Scientific Agreement. Britain and France signed an agreement for scientific co-operation on 14 June in the week before President Giscard d'Estaing's state visit to Britain (see p 273). The agreement was signed by representatives of the Centre National de la Recherche Scientifique and the Science Research Council. The agreement aims to enhance existing co-operation by facilitating exchange visits by scientists, joint seminars, and collaborative research projects. Science Research Council press release, 8/76, 14.6.76.

Jodrell Bank and US 'Viking' mission to Mars. British scientists, under the direction of Professor Sir Bernard Lovell, are playing an important part in the US Viking spacecraft mission to Mars, using the 250-ft (76·2 m) Mark 1A radio telescope at Jodrell Bank (see *Radio Astronomy* COI, NST 10), which will receive signals from the two *Viking* landers. Data will also be received by radio telescopes in California, Australia and Spain. Science Research Council press release 9/76, 17.6.76.

The Royal Botanic Gardens, Kew. COI, SN5903.

Patents, Designs and Trade Marks 1975. Ninety-third report of the Comptroller General of Patents, Designs and Trade Marks. The report shows a continuing trend of inventions aimed at the reduction of atmospheric pollution, the improvement of vehicle safety and broadcast receiving equipment, including the first colour television wall display panel, and quadraphonic line transmission systems. HMSO, 73p. ISBN 0 10 233376 9.

Effects of Airborne Sulphur Compounds on Forests and Freshwaters. This report, prepared by a joint group of the Department of the Environment and the Natural Environment Research Council, concludes that although acid rainfall (airborne sulphur pollution) contributes to the acidification of land areas and surface waters, its precise effects on forest and freshwater environments are not clear. Further research should be undertaken in co-operation with Scandinavian scientists. Central Unit on Environmental Pollution. Pollution Paper No 7. HMSO, 65p. ISBN 0 11 751066 1.

East Anglia. The English Regions. COI, R6003.

Social and Cultural Affairs

Legislation on Human Rights, with particular reference to the European Convention. A discussion document comprising the report of an official working group which has been studying the implications of new legislation on human rights. The group examined the consequences of incorporating the European Convention on Human Rights in British domestic law, but makes it clear that there are other possible approaches. Available, free of charge, from EI Division, Home Office, Whitehall, London SW1A 2AP.

Population Estimates. The Registrar-General's estimates of the population of regions and local government areas of England and Wales, by sex and age: mid-1974 (revised) and mid-1975 (provisional). HMSO, 80p. ISBN 0 11 690549 2.

Report of Her Majesty's Chief Inspector of Constabulary for the Year 1975. HMSO, £1·55. ISBN 0 10 248276 4.

Report of the Commissioner of Police of the Metropolis for the Year 1975. Cmnd 6496. HMSO, £1·50. ISBN 0 10 164960 6.

Her Majesty's Chief Inspector of Constabulary for Scotland. Report for 1975. Cmnd 6495. HMSO, 65p. ISBN 0 10 164950 9.

New Social Security Benefit Rates. Supplements to COI reference documents, R5455/75, *Social Security in Britain,* and R5595/76, *Social Services in Britain.*

Occupational Pension Schemes: the Role of Members in the Running of Schemes. A Government White Paper which discusses the question of disclosure of information to members of occupational pension schemes, member participation, and the question of solvency. Cmnd 6514. HMSO, 35p. ISBN 0 10 165140 6.

Mental Handicap: Planning Together. A discussion pamphlet, the first of a series to be issued by the National Development Group for the Mentally Handicapped (see p 164, 1975), which offers ideas and information to people planning and delivering services to mentally handicapped people and their families. Available, free of charge, from the group's secretary, Room C412, Alexander Fleming House, London SE1 6BY.

Guide to Fostering Practice. Prepared by a working party set up in 1974 by the Secretary of State for Social Services, the guide's primary purpose is to aid social workers involved in work with children, parents and foster parents and others concerned with the foster care of children. HMSO, £2·65. ISBN 0 11 320187 7.

Holidays: the Social Need. The report of a study group set up by the English Tourist Board and the Trades Union Congress. The report surveys the extent to which public and private bodies in Britain assist in providing holidays to those who would otherwise not be able to benefit from them – such as those on low incomes or those who are at a disadvantage in other ways – and recommends a number of courses of action to increase such assistance. English Tourist Board, 4 Grosvenor Gardens, London SW1W 0DU, £1·50.

Control of Immigration Statistics 1975. The annual White Paper on statistics of people subject to control under the Immigration Act 1971 entering the United Kingdom shows that in 1975, 30,954 Commonwealth citizens, mainly spouses and other dependants, were admitted for settlement on arrival (compared with 23,119 in 1974) and 19,974 were accepted for settlement on the removal of the time limit attached to their stay (18,959 in 1974). A total of 9,474 foreign nationals (excluding those from European Community countries) were accepted for settlement on arrival (6,593 in 1974) and 22,003 were accepted for settlement on the removal of the time limit (20,207 in 1974). Residence permits issued to European Community nationals and their dependants totalled 8,125 (11,338 in 1974). Countries of origin are shown for each category. Cmnd 6504. HMSO, 35p. ISBN 0 10 165040 X.

Immigrants' Dependants. In the course of a House of Commons debate on immigration, the Home Secretary said that he was setting up a three-member parliamentary group to report as soon as possible on the feasibility and usefulness of establishing a register of immigrants' dependants. He reiterated the Government's commitment to the immediate dependants of people already settled in Britain and to United Kingdom passport holders in East Africa who have no other citizenship. *Hansard,* 5.6.76, cols 985-6.

Select Committee on Race Relations and Immigration. First Special Report, Session 1975-76. Subject of Inquiry. The committee is to inquire into the assumptions made by the Government about potential immigration and related matters. HMSO, 12p. ISBN 0 10 251176 4.

A Second Chance: Further Education in Multiracial Areas. An account of the provision made by colleges of further education, and recommendations on how they could give additional help to members of ethnic minorities. Community Relations Commission, 15-16 Bedford Street, London WC2E 9HX. £1·35.

Ethnic Minorities in Society. A reference guide containing facts about ethnic minorities in Britain published by the Community and Race Relations Unit of the British Council of Churches and the Runnymede Trust. Available from the Runnymede Trust, 62 Chandos Place, London WC2N 4HG. 40p.

Education and Science in 1975. The annual report of the Department of Education and Science. HMSO, £1. ISBN 0 11 270422 0.

Postgraduate Student Grants. Grants for the academic year 1976-77 will be increased as follows: for students living away from home attending a London institution from £1,180 to £1,380; for students living away from home attending an institution outside London from £1,085 to £1,270; and for students living at their parents' home from £790 to £925. *Hansard,* 21.6.76, written answers, col 351.

Inner Area Studies. Six further reports have been published. *Lambeth:* The Implications of Social Ownership (£1) and Schools Project (£1·05). *Liverpool:* Area Resource Analysis 1973-74 (£1·55), Housing Maintenance Project (65p), Vacant Land (65p) and Fourth Study Review (60p). Available from the Department of the Environment, Room P2/127, 2 Marsham Street, London SW1P 3EB.

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